Knysna Municipality

Medium Term
Revenue & Expenditure
Framework (MTREF)

Annual Budget
2012/2013 - 2014/2015

Table of Contents

Table of Contents 2
Glossary 3
PART 1 – ANNUAL BUDGET 5
Section 1 – Mayor's Budget Speech 5
Section 2 - Budget Related Resolutions 5
Section 3 – Executive Summary 6
Section 4 – Annual budget tables 25
PART 2 – SUPPORTING DOCUMENTATION 37
Section 5 – Overview of annual budget process 37
Section 6 – Overview of alignment of the annual budget with the Integrated Development Plan 39
Section 7 – Measurable performance objectives and indicators 42
Section 8 – Overview of budget related policies 44
Section 9 – Overview of budget assumptions 45
Section 10 – Overview of budget funding 48
Section 11 – Expenditure on allocations and grant programmes 49
Section 12 – Allocations and grants made by the Municipality 52
Section 13 – Councillor allowances and employee benefits 52
Section 14 – Monthly targets for revenue, expenditure and cash flow 52
Section 15 – Annual budgets and service delivery and budget implementation plans – internal departments 53
Section 16 – Annual budgets and service delivery agreements – municipal entities and other external mechanisms 55
Section 17 – Contracts having future budgetary implications 55
Section 18 – Capital expenditure details 56
Section 19 – Legislation compliance status 57
Section 20 – Other supporting documents 61
Section 21 – Municipal manager's quality certification 63

Glossary

Adjustments Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

AFS- Annual Financial Statements

Budget – The financial plan of the Municipality.

Budget Related Policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's Statement of Financial Performance.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

CFO - Chief Financial Officer

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

KPI's – Key Performance Indicators. Measures of service output and/or outcome.

MFMA – The Municipal Finance Management Act – No. 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous three years and current years' financial position.

NT – National Treasury

Net Assets – Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

Operating Expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

R&M – Repairs and maintenance on property, plant and equipment.

SCM – Supply Chain Management.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure – Generally, **s**pending without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement Policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote – One of the main segments into which a budget is divided. In Knysna Municipality this means at directorate level.

PART 1 – ANNUAL BUDGET

Section 1 – Mayor's Budget Speech

To be inserted in final approval document.

Section 2 - Budget Related Resolutions

Knysna Municipality

MTREF 2012/13

The resolutions approved by Council with the final adoption of the budget in May will be:

RESOLVED:

[a]. That the annual budget of Knysna Municipality for the financial year 2012/2013; and indicative for the two projected years 2013/14 and 2014/15, as set-out in the schedules contained in Section 4, be approved:

1.1 Table A2: Budgeted Financial Performance (expenditure by standard classification)

1.2 Table A3: Budgeted Financial Performance (expenditure by municipal vote)

1.3 Table A4: Budgeted Financial Performance (revenue by source)

1.4 Table A5: Budgeted Capital Expenditure for both multi-year and single year by vote, standard classification and funding

[b]. Property rates reflected in Annexure 3 and any other municipal tax reflected in Annexure 1 are imposed for the budget year 2012/2013.

[c]. Tariffs and charges reflected in Annexure 3 are approved for the budget year 2012/2013.

[d]. Council notes the amended Integrated Development Plan adopted on 31 May 2012 reflected as summarised in Section 6.

[e]. The measurable performance objectives reflected in Section 7 are approved for the budget year 2012/2013.

[f]. The amended policies for credit control, debt collection and indigents as summarised in Section 8 (and detailed in Annexure 6) are approved for the budget year 2012/2013.

[g]. The other new and/or amended budget related policies summarised in Section 8 (and detailed in Annexure 6) are approved for the budget year 2012/2013.

[h]. The measurable performance objectives for each vote introduced in Section 15 and detailed in Annexure 8: 'Service Delivery and Budget Implementation Plan' are noted for the budget year 2012/2013.

Section 3 – Executive Summary

Introduction

The budget for the financial year 2012/13 is the first full budget that can be realistically said to be a Democratic Alliance budget for Knysna. The budget for 2011/12 was approved, entirely legally, just prior to the municipal elections in May 2011 but it has meant that the new DA political leadership of Council has been working with a budget which was not entirely to their liking and one which perhaps emphasised different priorities. This Medium Term Revenue and Expenditure Framework (MTREF) until 2014/15 fully reflects the direction the new government wishes to move in, albeit accepting that changes in policy and direction cannot simply happen overnight.

This budget also reflects the continuing malaise that South Africa, and particularly a Garden Route municipality such as Knysna, finds itself in as a result of the global economy. This is an austerity budget aimed specifically at ensuring basic service delivery and in doing so is specifically following the dictates spelt out in the National Treasury Circulars No. 54, 55 and most particularly the Budget Circulars for this MTREF, Circulars 58 and 59.

The new budget for Knysna municipality amounts to some R544 million, being R45 million for capital and R499 million for operating. Although the new budget is below the R553 million of the 2011/12 Adjustments budget, that budget was influenced heavily by the additional Housing allocations. In the forthcoming financial years we have included the anticipated NDPG drawdowns, however no specific capital projects have currently been identified. When the planning phase for the grant reaches its conclusion in 2012/13, the direction of the capital spend in future years will be determined.

To all intents and purposes we are now a half a billion rand operating budget organisation. Residents often regard the municipality simply as running a number of small towns and simple services. The fact is that a municipality is actually a highly complex machine affecting each and every person who touches it.

Consolidated Overview of the 2012/2013 MTREF

R thousand	Adjustments Budget 2011/12	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Total Operating Revenue	473 184	499 256	528 345	576 901
Total Operating Expenditure	467 234	499 137	522 201	563 014
Surplus/(Deficit) for the year	5 950	119	6 144	13 887
Total Capital Expenditure	85 420	44 890	61 015	73 024

Background

In November 2009 the CFO presented to the then Executive Mayoral Committee the financial analysis and plan for the financial years ending in June 2012. That plan called for tight budgets to enable Council to weather the storm of ESKOM, handle the cash outlay caused by the GRAP implementation and restore some balance to our long term capital debt.

There is no doubt that the plan was beginning to bear fruit and cash was starting to flow back into the municipality's reserves. Unfortunately however, the economic downturn has remained very stubborn in the Southern Cape and that, compounded by the problems we have experienced in regard to the leakage from the sewerage works into the estuary, has placed pressure on our cash holdings and in our ability to cash back our reserves at the levels planned for and required by National Treasury.

Knysna from a financial perspective is a municipality that is heavily geared and heavily dependent upon its domestic sector. Knysna was, is and shall be for the foreseeable future, a domestic town. Approximately 80% of Council's own generated revenue, ie excluding governmental transfers, comes from Knysna's domestic sector. There is little scope for cross-subsidisation from the business sector in relief of the domestic account as happens in neighbouring towns such as George and Mossel Bay, and therefore increases in tariffs impact directly upon domestic consumers and hence almost immediately upon the municipality's cash flow. Increased taxation invariably will mean increased non-payment.

Coupled to this is the reality that Knysna is also a holiday destination town. That means that many Knysna property owners do not actually live in the municipality for home purposes. Knysna is for visiting on holiday or for renting property out. This in turn means that Knysna must fund itself and provide services as if it were a twelve month town but one which can only operate on at best six month revenues. There is an obvious mis-match between revenues and service demands and that is before the municipality can consider backlogs in its previously disadvantaged areas.

This is supported by no less a body than the credit ratings agency Moodys who stated in their most recent rating,

"the Baa2.za national scale issuer rating of the Municipality of Knysna reflects its high debt levels – albeit declining - as well as adequate liquidity levels. The rating also takes into account the municipality's narrow economic base that is largely dependent on income from tourism, a factor that renders Knysna's budget vulnerable to macroeconomic cycles".

This 2012/13 budget also coincides with the new General Valuation (GV) roll. A new valuation roll always brings with it incidence shifts and this roll is no exception. There are certain areas in the municipality where the increases in property value are in excess of 500% meaning that apart from

anything else the new budget is inevitably going to have to be based on lower payment levels and increased bad debt provisions. This in turn means less money in the system and less money to spend on service delivery.

It should also be noted that this is the second valuation roll compiled in terms of the Municipal Property Rates Act and the concept of market value, that is, 'willing buyer, willing seller'. What this does, specifically in the Western Cape, is accentuate the incidence shift from higher to lower value areas. In the first roll compiled for the 2008 financial year the impact was on the higher value properties which had been undervalued historically. In this new roll there is a general stability brought to bear at the middle and higher end but the shift occurs as lower value properties begin to reflect the sales they are attaining in the market place. As these sales push up they have the effect of raising the whole of the lower value market. The problem than arises as to the effect of the amount of tax payable because at the lower end the ability to pay principle is far more acute and issues such as asset disposal and tax payer mobility are greatly reduced.

Table 2 Summary of revenue classified by main revenue source

Description	2008/9	2009/10	2010/11	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source								
Property rates	80 793	108 597	116 791	124 931	125 631	140 834	149 745	157 032
Property rates - penalties & collection	1625	1926	2 019	1772	1772	2 557	2 685	2 819
Service charges - electricity revenue	93 588	117 077	138 946	173 915	160 059	178 007	199 403	226 421
Service charges - water revenue	31915	35 479	37 925	39 278	40 150	43 113	45 592	48 217
Service charges - sanitation revenue	13 494	8 460	9 121	9 523	9 523	10 001	10 573	11182
Service charges - refuse revenue	14 400	11433	12 715	13 506	13 506	13 590	14 112	14 798
Service charges - other	2 919	3 132	3 310	2 442	2 442	3 219	3 460	3 718
Rental of facilities and equipment	3 551	3 972	4 069	4 853	4 853	4 598	4 919	5 268
Interest earned - external investments	7 573	5 876	5 915	6 786	6 786	7 701	9 309	10 934
Interest earned - outstanding debtors	4 173	3 777	3 873	3 683	3 683	4 034	3 712	3 813
Dividends received	–	–	–	–	–	–	–	–
Fines	2 513	2 125	2 338	2 282	3 162	3 506	3 845	4 162
Licences and permits	1386	1379	1719	1787	1787	1798	1941	2 110
Agency services	1692	1689	1716	1698	1698	1691	1700	1709
Transfers recognised - operational	49 697	61732	62 943	70 210	93 471	81223	73 951	81102
Other revenue	6 333	13 744	60 317	4 344	4 495	3 198	3 248	3 416
Gains on disposal of PPE	2 540	243	1541	166	166	186	150	200
Total Revenue (excluding capital transfers and contributions)	**318 191**	**380 640**	**465 259**	**461 176**	**473 184**	**499 256**	**528 345**	**576 901**

For a number of years Knysna Municipality has been raising concerns about the financing of local government in general and the amount of our Equitable Share in particular. A few years ago commentary was passed in this same document that "the financing of local government is archaic and totally unsuitable for the 21st century". Whilst little seems to have changed from a policy perspective it is very gratifying to note that the Financial and Fiscal Commission seems to have at last woken up to this simple fact and begun to express its own concerns. The very worrying

element from a Knysna perspective however is that the Fiscal Commission's studies are showing that Knysna municipality is not only under-funded but in fact it is grossly under-funded. At the time of the data used by the Commission, Knysna was under-funded by the amount of some R39 million in total operating grants. The 2012/13 equivalent is R54 million.

The funding gap left by the lower grants has to be filled from rates or service charges or expenditure reductions. In recent years the gap has been predominantly filled from cutting unnecessary departmental expenditure at budget time or freezing staff appointments. This is simply because the ESKOM impact on an individual consumer has been so large that the municipality has, by necessity, already minimised rate and other tariff increases as far as is practically possible.

Table 3 Percentage revenue by main revenue source

Description	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework					
R thousand	Adjusted Budget	%	Budget Year 2012/13	%	Budget Year +1 2013/14	%	Budget Year +2 2014/15	%
Revenue By Source								
Property rates	125 631	26.6%	140 834	28.2%	149 745	28.3%	157 032	27.2%
Property rates - penalties & collection charges	1772	0.4%	2 557	0.5%	2 685	0.5%	2 819	0.5%
Service charges - electricity revenue	160 059	33.8%	178 007	35.7%	199 403	37.7%	226 421	39.2%
Service charges - water revenue	40 150	8.5%	43 113	8.6%	45 592	8.6%	48 217	8.4%
Service charges - sanitation revenue	9 523	2.0%	10 001	2.0%	10 573	2.0%	11 182	1.9%
Service charges - refuse revenue	13 506	2.9%	13 590	2.7%	14 112	2.7%	14 798	2.6%
Service charges - other	2 442	0.5%	3 219	0.6%	3 460	0.7%	3 718	0.6%
Rental of facilities and equipment	4 853	1.0%	4 598	0.9%	4 919	0.9%	5 268	0.9%
Interest earned - external investments	6 786	1.4%	7 701	1.5%	9 309	1.8%	10 934	1.9%
Interest earned - outstanding debtors	3 683	0.8%	4 034	0.8%	3 712	0.7%	3 813	0.7%
Dividends received	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Fines	3 162	0.7%	3 506	0.7%	3 845	0.7%	4 162	0.7%
Licences and permits	1787	0.4%	1798	0.4%	1941	0.4%	2 110	0.4%
Agency services	1698	0.4%	1691	0.3%	1700	0.3%	1709	0.3%
Transfers recognised - operational	93 471	19.8%	81223	16.3%	73 951	14.0%	81102	14.1%
Other revenue	4 495	0.9%	3 198	0.6%	3 248	0.6%	3 416	0.6%
Gains on disposal of PPE	166	0.0%	186	0.0%	150	0.0%	200	0.0%
Total Revenue (excluding capital transfers and contributions)	**473 184**	**100%**	**499 256**	**100%**	**528 345**	**100%**	**576 901**	**100%**
Total Revenue from Rates and Service Charges	**353 083**	**74.6%**	**391 321**	**78.4%**	**425 570**	**80.5%**	**464 187**	**80.5%**

The historical municipal balancing act of using electricity surpluses (an exchange transaction to use accountant speak) to lessen the rates (a non-exchange transaction) burden has come under severe pressure in recent years as National Treasury and the Electricity Regulator have fought to ensure that electricity surpluses are kept more within the electricity function rather than cross-subsidising general rate activities. There is equal merit and demerit in the argument. The fact remains that nowadays general municipal services are not sustainable or viable in their own right. They must be funded from somewhere.

By way of example, Knysna is sitting in the ridiculous situation whereby it has to fund six different water and sewerage reticulation systems. The systems have been historically designed around the distinct geographical

attributes of the various communities they serve. In other words they do not link together, they operate on different platforms, have different components and have no, or at best very limited, economies of scale. The topography that the systems operate in also means that they require enormous amounts of energy to be consumed pumping water and sewerage up and down hills. The bottom line is that taken collectively, the water and sewerage services are too expensive for the municipality to operate and should be regionalised. This of course also flies in the face of the commonly mistaken view that these services should have tariffs that are cost reflective.

In Knysna the economy, which is a predominantly service economy based on tourism, has been under severe pressure. Increasing charges and cutting budgets at the municipal level as a mitigator can no longer suffice. What is now required is the far more radical approach whereby Council considers divesting itself of a number of activities or, and more appropriately, cutting back on all or at least some of the unfunded mandates it performs and spends money on. This would allow Council the opportunity to either reduce rate and tariff increases or shift expenditures back to those functions which are set out in the Constitution and onto the primarily basic services as requested by National Treasury in their annual budget circulars.

The list of unfunded mandates performed by this and most other municipality's for that matter, is long and varied and ranges from libraries and museums to vehicle licensing and the daddy of them all Housing. Housing currently runs at a deficit of over R11 million in the current year. The actual deficit would be much larger but all the attendant infrastructure assets and their depreciation and interest costs etc., sit in other departments masking the true cost of low income housing.

At a recent intergovernmental forum chaired jointly by the MEC for Local Government and Housing and the MEC for Finance and Tourism, a number of municipalities pointed out the legal and financial risks of performing unfunded mandates and called on National and Provincial Government to take their functions back or fund them 100%. National Treasury has also frequently spoken of the need for local government to only stick to what it is constitutionally required to do because it could be legally challenged.

At its most recent strategic meeting the Knysna Executive Mayoral Committee resolved to undertake investigations into the current unfunded mandates with a view to reducing the financial burden they are imposing on ratepayers.

In the Adjustment Budget for the current year submitted to Council in February 2012 the issue of reduced electricity revenues was clearly highlighted. The electricity decline can be attributed directly to two issues. The first is the continued decline in the economic activity of Knysna as a result of the recession nationally. Knysna is a holiday town predominantly and our commercial and industrial activity is a by-product of the tourism success. Any downturn in national activity immediately effects the secondary economy that is Knysna which in turn reduces its "business" spend. The recovery in this area is always slow and will

generally lag 18-24 months behind the national recovery. However, there have been indications that this downturn has been deeper pushing the recovery time further out to 36 months. There has recently been some indication of green shoots appearing but these are few and far between and recovery remains stubbornly slow.

The second impactor remains ESKOM which, with the ridiculous tariffs it has been allowed to get away with, has now caused a clear change in consumption patterns. A multiplier effect has been unnaturally created whereby large tariff increases cause reduced sales which cause higher tariffs to chase the revenue which cause further reduced sales. Fortunately the national fiscus has now woken up to the nonsense of ESKOM by only affording it a much reduced bulk tariff increase for the forthcoming year, compared to previous years and this is fully welcomed and supported. However the biggest irony of the ESKOM debacle is only now starting to become apparent. In a recent report in Parliament an estimate of R35 billion was placed on the maintenance backlog of municipal electrical infrastructure. A further estimate was made that this figure is rising at R2.5 billion a year and that the average age of assets is about 45 years. This of course leads us back to the nonsense that is cost reflective tariffs as it means that electricity prices will have to rise proportionately further to manage this backlog and that property taxation will have to rise disproportionately to take up the slack on the other services performed at the local level.

It is often mooted that there some 150 municipalities now in financial distress and requiring interventions of varying kinds. One would have assumed perhaps that the penny might have dropped that the reasons for these interventions were not simply 'incompetence' at the local level, but perhaps 'incompetence' at other levels for not understanding the fiscal realities and complexities of local government.

Past performance

Knysna Municipality has now attained five unqualified audit reports in the last six years and the qualified report received in 2006/07 was for technical reasons that had no effect on the financial stability or performance of Council. There is a huge demand on all local authority's to attain the status of a "clean" audit and this is actually a performance target of the Western Cape provincial government which is frankly bizarre in the extreme. It was recently said that achieving a "clean" audit just means the auditors were not very good and there is an awful lot of truth in that statement because the legislative environment which now governs local government makes it impossible for anyone close to what is happening at the coalface of local government to believe that they can achieve a legitimate "clean" audit. National Treasury themselves recently called into question the emphasis being placed by the Auditor-General on performance management when no common standards or guidelines for local government have been set and yet the Auditor-General continues to produce reports commenting on and measuring performance.

Knysna municipality has embraced the concept of a "clean" audit but as was pointed out in last year's MTREF we will endeavour to attain a clean audit at our own pace hopefully by 2014. That depends upon the appointment of more, much needed, competent and qualified staff in the central Finance section and the decentralisation to and acceptance of financial responsibility by the various Council departments in their own right.

Budget Summary

Most of the basic information surrounding this year's budget is set out in 'Table A1: Budget Summary' shown in Section 4 of this document.

The anticipated final outcome of the current 2011/12 budget is that Council will end with a surplus after all transfers of R39,3 million. This is comfortably above the original budgeted figure of R19,8 million but a lot of this is from enhanced operational transfers (grants) of R23,2 million.

Property rates are almost exactly on budget and service charge income, as taken into account in the Adjustment Budget, is down R13 million.

The capital expenditure emphasis remains on water and sewerage infrastructure most especially after the recent problems which developed at our waste water treatment works next to the estuary. Expenditure on these "heavy" infrastructures is to the detriment of our social and community backlogs. We would dearly like to change this approach as water and sewerage capital expenditures are inordinately expensive to fund and more importantly maintain each year, however the continued influx from the Eastern Cape and from across our borders is rapidly proving to be beyond our affordability. Some time ago a previous Mayor of Knysna said inward migration had to stop and that Knysna was closed. Nothing has changed and the position is worsening. New areas not previously within our IDP horizons are mushrooming and it is impossible for a local authority such as Knysna with all our attendant financial constraints to even contemplate providing additional basic services. A decision will soon be required to consider stopping all housing construction outside of the previously agreed Knysna Housing programme. The increased housing development may look and sound good but the reality is that the hidden add-on cost of housing by means of "free services" and the additional pressure on infrastructure, is a time bomb that will rapidly become unaffordable to the rest of the community who fund all the various services involved.

Knysna is a town that is predominantly domestic in its tax base. Knysna is 70 kilometres from nowhere and the majority of people that wish to relocate here are retirees or from the Eastern Cape. Neither of these groupings offer much in the way of disposable income for inward investment purposes nor do they encourage much economic growth outside of tourism. The downturn in the national economy has meant that development has virtually ceased and this in turn has led to a position whereby unless development starts again, then Knysna will be in a terminal decline. For this reason Council has taken the decision to fast-track local economic development.

A number of measures are being examined. These include targeting local contractors for Council business and paying an acceptable premium to use them. Council is also introducing incentives aimed at subsidising, delaying or even waiving development contributions depending upon the type and locality

of the development and introducing a new business rebate to attract, as the name suggests, new business by means of a rates holiday. The local portion of Council's discretionary spend has already risen to R52 million in the first 7 months of the current financial year. Extrapolating that to R90 for the whole year this will mean an increase of some 40% in local spend in just one year. A very positive achievement.

Financial position and MTREF strategy

The financial position of Knysna Municipality is set out in 'Table A6: Budgeted Financial Position'. Probably the biggest misconception in municipal finance is the one created by the term "accumulated surplus". When Councillors and the general public see this figure, most especially when it has a figure of R895 million next to it, they immediately ask why are we not spending this or/and why are we increasing our rates and tariffs? The reality of course is that this figure ultimately includes the value of our property, plant and equipment much of which cannot easily be turned into cash. You cannot sell a road or a cemetery or even a library or park at the values placed on them. The only realistic figures to look at those contained in Table A8 and specifically the surplus or shortfall figure. That shows the increased reserves requiring to be cash backed and a surplus figure of only R4,9 million. Prioritising forward this surplus continues to reduce but this is not regarded to be a major concern as there will also be savings which will supplement the surplus in the future. It would be very good if the surplus figure was much higher but Knysna municipality has always taken the position that our assets should be in the ground working for the community rather than in the bank providing no service delivery.

There has been a great deal of comment both nationally and provincially regarding concerns about how much local government is spending on repairing and maintaining assets. This has even permeated to the local population with discussion in the local press about the 'state of the roads' and comments regarding 'a lack of maintenance'. The pronouncements that take place on this are unfortunately often ill-informed or premised on the wrong figures. The current most common ratio in local government used to measure repairs and maintenance is Repairs and Maintenance as a percentage of Total Operating Expenditure less Depreciation and Bulk Charges. The current figure for Knysna based on the 2010/11 Financials is 6,8%. Some engineers will tell you that the figure should be closer to 10%. Obviously this methodology is flawed at the outset as any funding for maintenance must be based on asset needs and total budgets. However in the absence of reasonable maintenance plans the pick a figure concept of 10% is as good as anything.

Unfortunately that is not the end of the story. The figure of 6,8% suggests that Knysna is not maintaining its assets as well as our counterparts in the province. However if one decides to add into the mix those salaries directly involved in the activity of repairs and maintenance, activities such as roads for example, the Knysna figure increases to 13,5%. This does not mean that Knysna's assets are being better maintained but it does show the limits of the arguments and ratios being put forward. Another ratio tells us we have a renewals backlog of some R53 million and that we should be spending R13,5 million annually on on-going renewals and R11,9 million on actual repairs and

maintenance. To put it into some perspective the combined national figure is estimated at R25,2 billion with a national renewals backlog of R74 billion, based on 2009 figures.

Ultimately it boils down to how much the local authority and by extension, the rate and services payer can afford to pay. It is suggested that the issue may not be the repairs and maintenance required but the efficacy and cost of the actual assets being put in that needs to be questioned.

Cash Flow

For a number of years Knysna has been regarded nationally as one of the highest geared municipality's in South Africa. Essentially we have had a high debt to revenue ratio. This has been commented on by rating agencies and occasionally by provincial government but in itself it has not been of particular concern because of the deliberate policy approach followed whereby the whole budget process is driven to ensure the cash flow is protected as far as possible. Nevertheless Council has followed the policy in recent years of trying to limit its borrowings as far as possible, precisely because of concerns regarding the economy. To-date, that policy has proven prudent.

At budget time this means that Council has to take very hard decisions. These decisions are not often appreciated most especially by staff when it comes to cutting back their budget allocations. Additionally in previous years Councils could and would borrow their way out of trouble. A neat trick was to organise a loan or bond issue in June of the one year which obviously meant cash in the bank going into the new budget year. Today National Treasury is likely to have picked up early warning signs and withheld grant funding as a counter.

This budget for the 2012/13 financial year for Knysna municipality is premised on a 94% payment level. This is based on the levels experienced at the adjustment budget stage in January 2012 but is in fact nearly two percentage points below the actual January level. The reason is firstly another ESKOM increase above 10% but more pertinently it is the incidence shift in the new General Valuation roll, most especially at the lower value end, that raises concerns on payment levels. A 95% or 96% level simply cannot be justified at this point and if, after annual billings are sent out in September 2012, it becomes clear that payment levels are likely to be lower than 94% then Council may have to make definitive early adjustments on the expenditure side.

Capital Budget

The capital budget for 2012/13 will total R44,9 million of which R25,5 million is funded from national and provincial grants and R19,4 million from internally generated funds and borrowings. The various projects are set out in 'Annexure 2: Supporting Table SA36'. Council is continuing the process begun last year of rebuilding and up-grading municipal buildings and assets including sportsfields, libraries and halls, all of which have been badly neglected in recent years. This was initially a five year project and will be reviewed annually depending upon need. Council buildings are generally in a poor state of repair and as a result grossly under-utilised. This refurbishment programme will enable the municipality to put the buildings to their original intended use

and allow communities to utilise them without necessarily spending moneys on new buildings which will fall into disrepair unless they are properly and continuously maintained.

The biggest shift in approach to the capital budget has been the introduction of a project prioritisation model that calculates the weighting of proposed capital projects in terms of various categories and criteria. The model will generate the prioritised Multi-year Capital Programme to be considered by Mayco and the IDP and Budget Steering Committees. The model integrates and considers various issues such as funding sources, legal implications, project dynamics, growth priorities and ultimately the wishes of the community as articulated via the IDP process.

The recent success of the ward project system in conjunction with Councillors and ward committees has prompted Council to repeat the exercise and expand it slightly. This year the projects in wards programme will be increased from the R200 000 per ward to R300 000 per ward and Council is considering, even at this early stage extending it to R400 000 by the end of the MTREF period. National Treasury insists that all the projects must be identified and specified in the budget if they are of a capital nature.

The final projects and programmes will be included in the municipal budget and performance against the budget will be reviewed quarterly.

National Treasury has indicated that a minimum of 40% of the capital budget should be for renewal as opposed to new infrastructure. The forthcoming budget indicates that renewal expenditure will amount to 57% (R25,5 million) of total capital expenditure. Whilst this may seem a very high figure, what it actually indicates is that the infrastructure demands being placed upon the municipality have reached a very unhealthy point. We are spending more money simply to stand still than we are to grow the municipality. This further highlights the need to review and reduce our expenditures on issues that are not our functions or are not basic services.

The table below highlights two indicators as taken from Table SA8 namely, those regarding capital charges and cost coverage. These indicators are two of the most critical that any potential investor or lender will look at, obviously in conjunction with issues such as payment levels etc.

%	2009/10	2010/11	2011/12	2012/13	2012/13	2013/14
Capital charges /Opex	6.1	8.0	6.6	6.3	6.0	5.5
Cost coverage	0.7	2.3	1.2	1.2	1.5	1.7

The two indicators show that the municipality is managing its obligations well and should remain capable of being able to borrow moneys from the capital market at competitive rates and in reasonable quantity for the foreseeable future. Last year Council considered the possibility of borrowing to pre-fund MIG expenditures thereby eliminating much of our previous cash flow worries. This is directly in line with the short-term borrowing philosophy of National Treasury. This remains very much on the table but it is likely to be delayed

until the 2013/14 financial year until greater clarity is obtained as to the financial requirements that will be needed in respect of the successor grant system to MIG.

The other point of note is that the capital charges ratio is well below that regarded as being of concern within local government.

Economic Development

Three years ago Knysna was awarded some R120 million from the Neighbourhood Development Grant (NDPG) administered by National Treasury. During the course of the last twelve calendar months various investigations have been undertaken by an international consulting firm (ARUP). These will culminate in the publication of a first draft report that will set out the status quo situation before beginning the process whereby Knysna can begin to properly utilise this grant and look forward to 2030 scenario planning.

All council strategy planning, most especially for capital projects, must be aligned with the NDPG process for maximum economic benefit going forward. During the current financial year ending June 2012 the first project, a new taxi rank in Hornlee, was commenced and is now nearing completion at a cost of some R7 million.

The NDPG planning programme will be finalised for release in the 2012/13 financial year and major projects will be developed with timeframes commencing in 2013/14. The importance of this programme for Knysna municipality in the short to medium term cannot be over-emphasised as it will form the directional focal point for Council going forward. It is also anticipated that further funding requests will be made to National Treasury based on the success of the initial roll-out of the plans and associated projects.

Operating Expenditure

MFMA Circular 58, the Budget Circular for 2012/13 stated the following:

"The revenue side of municipal budgets will continue to be constrained because of the on-going economic pressures. Therefore, municipalities will need to make some very tough decisions on the expenditure side this year.

Priority ought to be given to:

- *Ensuring drinking water and waste water management meets the required quality standards;*
- *Protecting the poor;*
- *Supporting local economic development initiatives that foster micro and small business opportunities and job creation and*
- *Securing the health of the asset base by increasing spending on repairs and maintenance."*

The Circular continues:

Municipalities must pay special attention to controlling unnecessary spending on non-essential items by eliminating:

- *Excessive sponsorship of events and the purchase of tickets to events for councillors and officials;*
- *Excessive catering for meetings and other events;*
- *Arranging workshops and events at expensive private venues;*
- *Excessive luxurious office accommodation and office furniture;*
- *Foreign travels by mayors, councillors and officials;*
- *Excessive councillor and staff perks such as luxurious mayor cars and houses, note books, IPADS and cell-phone allowances, travel and subsistence allowances;*
- *All donations to individuals that are not made in terms of the indigent policy or bursary scheme (e.g. Donations to cover funeral costs);*
- *Costs associated with long-standing staff suspensions and the legal costs associated with not following due process when suspending/ dismissing staff;*
- *The use of consultants to perform routine management tasks and the payment of excessive fees to consultants."*

National Treasury is informing Councillors, municipal employees and rate and tax payers that municipality's must concentrate their spending effort on services that are meaningful and not indulgent. In other words this should be an austerity budget aimed at the people who live in municipalities and not the municipalities themselves.

Operating Revenue

Local government is in essence funded from three sources. Assessment rates, revenues from trading services (the majority from electricity in Knysna's case) and transfers from national government. Some 80% of our total operating revenue comes from these sources with 64% from rates and electricity alone. There is therefore a very clear relationship which makes price changes very sensitive.

Prior to 2009 electricity and rates increases were usually similar in nature and would rise roughly in comparison to the inflation rate. Thus on a 7% inflation increase one would have expected electricity revenues to have risen by 50%. Actual budgeted revenue has risen by 90% and the effect is to make Councils far more dependent on electricity revenue than is advisable. Assessment rates have risen by 75% in the same period but that includes two revaluations on the market value system and a major revenue enhancement programme to ensure the correct tax was being levied on the

usage of each property . When a service tariff becomes more important in revenue terms than a constitutional tax, one seriously has to question all governmental comments regarding the tax base of local government.

Tariff implications of the annual budget

Electricity Tariff

The increase in the non-domestic tariff is approximately 13.3% on average for commercial consumers on prepaid meters, 10.2% for commercial credit meter consumers and 10.9% for bulk supply consumers. All of these increases are below the bulk increase to municipalities of 16%. The domestic tariff will increase by an average 11.4% for those on prepaid meters and 9.3% for those on credit meters. Although the increases differ between prepaid and credit meter consumers it must be remembered that there still remains a difference between the total amounts paid for the same electricity consumed. Credit meter users continue to pay a premium. Council again has budgeted for consumers to convert from conventional to prepaid at a once-off cost of R500 including VAT. This cost actually pays for itself within twelve months and it is recommended that all domestic consumers take advantage of this offer. The daily rates will be held at current levels.

Water Tariff

A recent survey undertaken on behalf of the Provincial treasury has indicated that the domestic water tariffs of Knysna municipality are the highest of any B category municipality in the Western Cape. There is a very simple reason for this in that Knysna was the first municipality to experience water shortages in the province and the first to put in the high technology systems of desalination and reverse osmosis which are the future. The future tariff increases in our neighbours will soon begin to reflect ours.

The water tariff increase for all consumers will be 6% on the basic charge and 6% on the consumption charge.

2% of the increased tariff will be immediately allocated to the Capital Replacement Reserve (CRR) for water. National Treasury has decreed that all CRRs must be cash-backed and the anticipated costs associated with the water service, most specifically the need to expand the treatment works in Knysna, means that monies must be set aside now to mitigate the future costs of the works.

In last year's MTREF, comment was made that for the service to consider breaking even going forward, an increase in consumption and basic charges of 10% was required. Clearly with the introduction of the new GV that is out of the question, nevertheless an increase close to the inflation rate is required just for the service to stand still. After the drought scares of recent years, the infrastructures now in place require to be maintained and if this is not prioritised then charges of fruitless and wasteful will be levelled against the current Council. The 6% increase is considered reasonable in the circumstances given that to all intents and purposes we

no longer have any water issues/concerns provided our major water courses continue to flow. If these rivers stop for any length of time our back-up systems of boreholes, reverse osmosis and desalination plants kick in.

Calculations show that the break-even cost per kilolitre for water is currently around R11/kl and we know that Knysna's current water tariffs are amongst the highest in the Western Cape and that the service already makes a deficit. The water and waste water (sewerage) service makes a combined deficit (excluding capital grants and transfers) over the MTREF of R1,3 million 2012/13; R1,7 million 2013/14 and R2,3 million 2014/15.

There is often an argument in political circles that the standard of service should be taken into account when calculating tariffs. This is a complete nonsense. Standards of service may play a minor element in the cost of the reticulation system, although that in itself is highly debatable, but it has nothing to do with the actual delivery mechanism and the amount consumed. The fact is that cross-subsidisation occurs from higher consumption consumers and assessment rates. Poorer service standards ultimately feed back into property values and therefore into the property tax system.

Sewerage Tariff

The sewerage tariffs will increase by the same 6% as the basic water tariffs and the same principle of 2% of the increased revenue will be immediately channelled to the capital replacement reserve.

Sewerage is a major concern for the municipality going forward for the next five years and this is before major new expenditures will be required on a new treatment works. The recent leakage into the estuary has necessitated remedial repairs which will be incorporated into a minor upgrade to enable the works to extend its current lifespan until 2019. Beyond that a major upgrade will be required. The cost of this interim phase is some R47 million with Council having to fund approximately R12,4 million on its own. Council is legally obligated to maintain this operation at a level that prevents pollution of one of the world's great estuary's and we will not shirk our responsibility's in this regard but this does highlight the fact that technical infrastructure systems such as the one required are financially beyond what this local authority can in reality afford. There appears to be an irony in Knysna spending R47 million on a sophisticated sewerage system when the majority of the population only have very basic living conditions in the first instance.

Refuse Tariff

The refuse tariff will be increased by 3% for both domestic and business consumers. It should be remembered that 50% of the refuse charge for domestic consumers is already contained in the assessment rate payable.

A new innovation will be introduced later in the financial year in regard to business refuse. The refuse department will begin piloting a system whereby pictures will be taken of the amount of refuse picked up at businesses. The picture will be automatically attached to an account and

immediately handed to the respective business owner as notice of an account to be rendered. The actual account will be billed as per normal. This innovation it is hoped will reduce the number of disputes that arise as to the quantum of refuse collected.

Minor Tariffs

All other tariffs will be increased by 7.5% on average. The reason for this increase above the recommended 6% is simply that the minor charges have been increased at a level below inflation for a number of prior years. They do not and have never been designed to reflect the costs of the services that are provided and in general only amount to some R6 million or 1.2% of revenue to Council.

Augmentations

Augmentations are charges levied on new developments to ensure that the Council infrastructure is up-graded to accommodate the 'augmented' demand. Two amendments are proposed to the current system both with the intention of attracting and enhancing economic development in the municipality.

Firstly, if a new development is to be in an area regarded as previously disadvantaged then Council will encourage and support the development by delaying augmentations payable until the first unit, be it business or commercial, is utilised or occupied. If augmentations are however not paid at the correct time then the development will be shut down and all services switched off. This will require improved coordination between the planning and technical departments to ensure that suitable budget requirements are placed on the budget as the municipal infrastructure will still have to be paid for on an on-going basis.

Secondly, if the development is for a new business in the municipal area then the augmentation payable could be either waived or delayed, again until occupation. The waiver will apply to new businesses within an area. The delay would be for existing businesses expanding within the municipal area.

General Valuation

The new general valuation roll will be introduced from 1 July 2012. Currently the legal objection process is underway and the new Appeal board will begin its operations shortly.

As stated elsewhere in this MTREF this is the second valuation under the market related value system. Under the first valuation the middle to higher valued properties were affected most as they tended to be under-valued. In this valuation it is abundantly clear that the lower valued properties are most affected. This is the repeat of a trend that has been reported throughout the country. Two years ago the highest property value increases in the country were reported in Khayelitsha in Cape Town and more recently the same trend is being reported in Soweto. The reason is simply the growth in wealth being generated from property ownership burgeoning as a result of the entry into the full economy of people previously classified as disadvantaged. The process must obviously be fully

supported but there is a reaction in that property is a store of value and as property prices operate on the supply and demand principle there is a concomitant increase in value.

Fascinatingly in Knysna the same principle of supply and demand is in evidence on an area basis at much higher levels. In the seaside areas of Buffels Bay, Noetzie and the rural areas throughout the municipality, there are quite significant value shifts upwards. The reason is that the national economic recession has prompted a sale in second properties by inland owners. These properties are in huge demand and therefore overall values have risen. As a contra to this there are areas within the municipality where values have fallen for mainly crime related reasons with resulting drops in rates payable.

Assessment Rates

Rebates:

Green rebate: this rebate is aimed at encouraging property owners to maintain the unique environment of Knysna as a natural place of calm whereby the natural beauty can be maintained. The rebate amounts to 20% off the normal domestic rates payable. It is aimed at properties located outside of the 'urban edge' as defined in the Knysna Spatial Development Framework. The rebate is granted after the submission of an auditable alien eradication plan. If the plan is not adhered to the rebate will be removed after the property(s) are inspected on an annual basis.

Heritage rebate: this rebate is designed to ensure that the cultural heritage that is Knysna is maintained going forward. A rebate will be granted to the owner of a property of cultural or heritage significance that is maintained in that style.

New Business rebate: this rebate is designed, as its name suggests, to attract new businesses into the municipality. The rebate operates in the form of a 100% rates rebate for a period not exceeding three years. During that period any new business owners currently without property in the Knysna municipal area who start businesses will be afforded the rates rebate upon application. The businesses will be re-assessed every six months to ensure they are still functioning in the manner originally envisaged when the rebate was first awarded.

The actual rate in the Rand remains exactly the same for domestic property owners. Obviously there are incidence shifts depending on location and on sales i.e. demand to live in the area and Council has endeavoured to cater for this as far as it can.

The first R15 000 reduction of value, which is the national government determined threshold continues. In addition Council has increased its own discretionary reduction of value from R15 000 to R50 000. This means that the first R65 000 of property value is exempted from any tax.

The domestic rebate of 20% remains in place.

The effect of these changes is as follows:

A property in Karatara with an average value of R80 000 will see its monthly rates charge increase by 66.67%. That is from R3.35 to R5.58 per month.

In Hornlee, a property with a new average value of R271 000 as opposed to the R53 000 in the previous roll will pay an increase 796% or in rand terms equates to a monthly account of R76.68 which has increased from R8.56.

In Knysna Heights, a property previously valued at R1 508 000 and with a new value of R 1 354 000 will pay R479.82 as opposed to R550.17 per month.

The impact changes differently in each suburb but the average occurs when a property value increases from R495 000 to R530 000. At that point with the new rebates the impact on a property is R0. Not surprisingly this impact occurs in Hornlee our biggest suburb.

To minimise the domestic incidence shift, council has had to consider increases in other tariffs.

Accommodation establishments with less than 8 bedrooms will see an increase in the rate in the Rand and the final incidence shift will obviously be dependent upon the property valuation. The rate in the rand increase amounts to 15%.

Commercial and industrial properties will have their rate in the rand increased by 15.4%, again the full increase is dependent upon the property value shift. For example property values in Knysna's light industrial area have fallen. It must also be noted that exercises undertaken by Council indicate that rentals in many commercial/industrial properties bear absolutely no relevance to property value. It appears that the property owners are inclined to blame Council for increases whilst in reality the municipal rates account is miniscule compared to the rentals being charged. The valuation roll is open to the public and Council will happily assist in informing tenants of the rates payable on the buildings they are renting.

Council has also completely revised the pension rebates on offer. Previously the rebates ranged from 80% at maximum of R5 000 per month to 10% at a maximum of R10 000 per month. The new rebates range from 80% up to R6 500 per month to 5% at R15 000 per month. This we believe will go a long way to assisting pensioners to be able to remain in their homes.

National, Provincial & District priorities

The National, Provincial and District Context

The Municipality's budget must always be seen within the context of the policies and financial priorities of National and Provincial government. All spheres of Government are partners in meeting the service delivery challenges we face in Knysna and the municipality cannot meet these challenges alone. South Africa has achieved considerable success in

reaching the current level of macroeconomic stability, but our own local economy is still plagued with high levels of unemployment and poverty.

The following table shows the allocations to Knysna Municipality as set out in the National Division of Revenue Act of 2012 in the MTEF period;

National Government

Allocations 2012/13 – 2014/15			
	Medium Term Estimates		
	2012/13 Allocation (R'000)	**2013/14 Allocation (R'000)**	**2014/15 Allocation (R'000)**
Total Allocation	**63 183**	**82 929**	**95 426**
Equitable share	30 859	33 272	36 395
Infrastructure	29 274	47 507	56 631
Capacity building and restructuring	3 050	2 150	2 400

Provincial Government

	2012/13 Allocation (R'000)	**2013/14 Allocation (R'000)**	**2014/15 Allocation (R'000)**
Total Provincial Transfers to Knysna	42 834	35 611	37 388

Budget-related policies

Last year Council introduced a Funding and Reserves Policy. The salient points of this policy are that the budget must be cash-funded, tariff adjustments must be fair, employee related costs must be all inclusive and the conditions of all provisions must be cash met where required. A number of indicators are also highlighted to ensure the municipality has enough cash to continue operations. The policy notwithstanding, the primary financial approach of Council, remains that assets should be in the ground and not in the bank.

The financial requirements of the policy have been reported upon each month within the broader Section 71 report. This is a report which I am delighted to say continues to garner praise and laurels from external bodies who look at us, and it keeps us on the straight and narrow path of cash is king.

With regard to our Reserves a number of cash funded reserves are now in place. They include the Capital Replacement Reserve (CRR) and the employee benefits reserve which will ensure sufficient cash is available to pay post-retirement employee benefits in the future.

Council has also taken the very important step of introducing for the first time a Budget Policy. This policy reinforces much of what is contained in the MFMA and regulates inter alia:

1. The preparation of the budget;
2. The shifting or virement of funds;
3. The timing and nature of adjustment budgets;
4. Unforeseen and unavoidable expenditure, etc.;
5. Establish and maintain procedures to adhere to budget processes.

The main principles underpinning the policy are:

- that the municipality may not budget for a cash deficit;
- expenses may only be incurred in terms of an approved budget;
- the budget must always be within the IDP framework;
- capital expenditure must distinguish between replacement and new assets
- capital funding must be available
- loans must be linked to an asset and CRRs must be cash-backed.

By following this policy future Council's should be able to produce budgets that are realistic, practical and affordable to the residents. This is a major step forward for the municipality.

In respect of the other budget policies there have been minor changes as always, mainly to increase local supply chain rules and to redefine basic service provision.

Conclusion

The 2012/13 budget for Knysna Municipality is an austerity budget. Eskom continues to impact upon us unabated and we are still feeling the negative effects of the economic downturn.

The budget encompasses the financial effects of the new general valuation roll and by minimising new capital expenditures and new borrowings it will allow Council to enter the new IDP in alignment with the NDPG and ARUP processes to ensure all capital planning is focussed seamlessly on the 2030 long term future of the municipality. This in turn is the catalyst to allow Council better access to even more funding going forward.

Section 4 – Annual budget tables

The intention of this Section is two-fold.

Firstly, the following tables form the basis of the Council resolution approving the annual budget for 2012/2013:

- Table A2: Budgeted Financial Performance (expenditure by standard classification)
- Table A3: Budgeted Financial Performance (expenditure by municipal vote)
- Table A4: Budgeted Financial Performance (revenue by source)
- Table A5: Budgeted Capital Expenditure for both multi-year and single year appropriations by vote, standard classification and funding

Secondly, this section presents and explains the various tables that must be compiled as required by National Treasury. Some of the tables are variations on a theme which will allow NT to put out macro statistics. Whilst this is a good practice, it can become a tad repetitive at the micro or local level. It has therefore been decided to only comment on a table when there is something important or relevant to say.

Table A1 - Budget Summary

WC048 Knysna - Table A1 Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Financial Performance										
Property rates	82 417	110 522	118 810	126 703	127 403	127 403	127 403	143 391	152 430	159 851
Service charges	156 315	175 581	202 018	238 664	225 680	225 680	225 680	247 930	273 140	304 336
Investment revenue	7 573	5 876	5 915	6 786	6 786	6 786	6 786	7 701	9 309	10 934
Transfers recognised - operational	49 697	61 732	62 943	70 210	93 471	93 471	93 471	81 223	73 951	81 102
Other own revenue	22 189	26 929	75 574	18 813	19 844	19 844	19 844	19 011	19 515	20 678
Total Revenue (excluding capital transfers and contributions)	318 191	380 640	465 259	461 176	473 184	473 184	473 184	499 256	528 345	576 901
Employee costs	100 602	114 453	125 016	143 362	139 341	139 341	139 341	155 961	165 267	173 511
Remuneration of councillors	4 009	4 302	4 588	5 899	5 779	5 779	5 779	6 078	6 382	6 701
Depreciation & asset impairment	29 131	87 695	18 676	33 817	22 053	22 053	22 053	21 910	21 671	20 937
Finance charges	17 243	16 572	17 204	20 363	16 043	16 043	16 043	16 309	14 462	12 597
Materials and bulk purchases	66 548	82 914	100 264	123 559	115 884	115 884	115 884	134 183	152 895	176 443
Transfers and grants	5 003	5 357	5 843	5 791	5 871	5 871	5 871	5 236	5 279	5 323
Other expenditure	104 671	156 152	133 038	138 828	162 263	162 263	162 263	159 461	156 246	167 503
Total Expenditure	327 208	467 446	404 629	471 618	467 234	467 234	467 234	499 137	522 201	563 014
Surplus/(Deficit)	(9 017)	(86 806)	60 630	(10 442)	5 950	5 950	5 950	119	6 144	13 887
Transfers recognised - capital	34 193	65 195	36 888	30 243	32 889	32 889	32 889	25 567	44 589	51 712
Contributions recognised - capital & contributed a	–	–	823	–	477	477	477	–	–	–
Surplus/(Deficit) after capital transfers & contributions	25 176	(21 611)	98 341	19 801	39 316	39 316	39 316	25 686	50 733	65 599
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	25 176	(21 611)	98 341	19 801	39 316	39 316	39 316	25 686	50 733	65 599
Capital expenditure & funds sources										
Capital expenditure	66 078	99 783	54 213	63 011	85 420	85 420	85 420	44 890	61 015	73 024
Transfers recognised - capital	31 891	10 753	37 711	30 243	29 946	29 946	29 946	25 567	44 589	51 712
Public contributions & donations	–	–	–	–	477	477	477	–	–	–
Borrowing	32 223	78 499	9 892	16 645	29 945	29 945	29 945	8 860	3 500	3 917
Internally generated funds	1 964	10 531	6 610	16 123	25 052	25 052	25 052	10 463	12 926	17 395
Total sources of capital funds	66 078	99 783	54 213	63 011	85 420	85 420	85 420	44 890	61 015	73 024
Financial position										
Total current assets	118 345	101 894	126 702	82 164	100 980	100 980	100 980	104 711	118 866	134 535
Total non current assets	434 475	965 426	1 056 965	570 593	1 122 320	1 122 320	1 122 320	1 155 515	1 197 587	1 252 686
Total current liabilities	95 222	83 028	87 792	70 940	76 605	76 605	76 605	84 674	92 439	100 923
Total non current liabilities	208 699	209 988	223 231	219 679	230 346	230 346	230 346	233 517	231 247	227 932
Community wealth/Equity	248 899	774 304	872 644	362 139	916 349	916 349	916 349	942 035	992 767	1 058 366
Cash flows										
Net cash from (used) operating	51 934	68 664	89 442	80 484	62 522	62 522	62 522	62 460	88 248	103 044
Net cash from (used) investing	(64 687)	(101 304)	(54 322)	(70 907)	(78 871)	(78 871)	(78 871)	(54 922)	(63 598)	(75 841)
Net cash from (used) financing	31 429	3 999	5 411	(5 997)	(5 997)	(5 997)	(5 997)	(5 322)	(12 101)	(13 244)
Cash/cash equivalents at the year end	45 419	16 778	57 309	9 720	34 963	34 963	34 963	37 179	49 728	63 688
Cash backing/surplus reconciliation										
Cash and investments available	57 238	30 073	72 292	33 463	51 642	51 642	51 642	64 133	79 476	96 517
Application of cash and investments	10 353	(9 659)	22 470	(10 735)	(2 340)	(2 340)	(2 340)	59 277	76 155	93 684
Balance - surplus (shortfall)	46 886	39 732	49 822	44 198	53 982	53 982	53 982	4 857	3 321	2 833
Asset management										
Asset register summary (WDV)	422 308	949 482	1 039 117	547 025	1 102 483	1 102 483	1 147 373	1 147 373	1 208 388	1 281 412
Depreciation & asset impairment	29 131	87 695	18 676	33 817	22 053	22 053	21 910	21 910	21 671	20 937
Renewal of Existing Assets	22 124	57 157	21 845	41 902	57 501	57 501	57 501	25 501	13 409	16 377
Repairs and Maintenance	42 153	43 471	49 707	60 772	61 013	61 013	67 500	67 500	72 863	78 112
Free services										
Cost of Free Basic Services provided	10 115	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	30 400	31 739	–	38 042	37 658	37 658	33 834	33 834	34 997	37 316
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

Total revenue before transfers and contributions will increase by 8.6% from last years' original budget and 5.5% from the final estimate. Expenditure will have risen 5.8% and almost 6.8% on the same basis.

Employee costs have risen by 11.9% on the 2011/12 adjustment budget figure. These are further broken down in Annexure 2, 'Supporting Table SA22: Summary councillor and staff benefits'.

The repairs and maintenance budget will increase by 10.6% on the adjusted budget figure. The increase is well above the required levels and once again reflects the Council commitment to maintaining its assets for service delivery rather than spending moneys on "nice to have's" but

which are possibly non-essential to the community. This is highlighted in Annexure 2, 'Supporting Table SA1: Supporting Detail to Budgeted Performance'.

Table A2 - Budgeted Financial Performance (by standard classification)

WC048 Knysna - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard										
Governance and administration		101 561	136 039	196 226	151 329	155 884	155 884	164 497	195 502	214 051
Executive and council		5 358	10 635	61 997	5 705	5 830	5 830	5 986	6 398	7 030
Budget and treasury office		92 188	119 247	127 852	136 851	137 452	137 452	154 391	165 144	174 472
Corporate services		4 014	6 158	6 377	8 773	12 602	12 602	4 120	23 960	32 549
Community and public safety		46 630	46 096	44 459	52 700	71 342	71 342	52 692	49 420	56 724
Community and social services		953	1 381	1 275	3 863	3 863	3 863	3 922	6 725	10 988
Sport and recreation		708	1 545	873	943	1 143	1 143	966	1 034	1 111
Public safety		2 782	4 385	2 539	2 366	3 246	3 246	3 583	4 040	5 832
Housing		42 182	38 785	39 772	45 528	63 090	63 090	44 221	37 621	38 793
Health		3	–	–	–	–	–	–	–	–
Economic and environmental services		15 055	16 559	6 723	7 656	8 283	8 283	8 175	7 857	12 362
Planning and development		1 755	2 263	1 869	2 038	2 038	2 038	1 945	2 083	2 174
Road transport		13 300	14 296	4 764	5 618	6 095	6 095	6 230	5 774	10 188
Environmental protection		–	–	90	–	150	150	–	–	–
Trading services		189 139	247 142	255 563	279 734	271 041	271 041	299 459	320 155	345 476
Electricity		102 950	126 129	146 953	183 126	173 618	173 618	191 287	210 397	238 331
Water		47 992	91 562	68 900	48 447	49 319	49 319	57 649	68 792	64 986
Waste water management		19 121	12 719	21 278	27 649	27 592	27 592	28 988	18 415	18 177
Waste management		19 076	16 733	18 431	20 512	20 512	20 512	21 535	22 551	23 982
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Standard	2	352 384	445 835	502 970	491 419	506 550	506 550	524 823	572 934	628 613
Expenditure - Standard										
Governance and administration		47 521	171 285	59 952	71 937	68 206	68 206	137 624	144 320	150 930
Executive and council		20 615	127 212	33 905	30 777	29 987	29 987	35 162	36 704	38 226
Budget and treasury office		7 471	11 362	6 818	15 720	14 484	14 484	42 942	45 275	47 683
Corporate services		19 435	32 711	19 228	25 440	23 735	23 735	59 520	62 342	65 020
Community and public safety		81 216	92 595	95 657	107 451	122 850	122 850	97 318	93 416	100 403
Community and social services		7 996	9 018	10 479	12 101	11 382	11 382	10 853	10 860	11 435
Sport and recreation		11 077	10 301	12 694	14 561	13 856	13 856	13 445	14 220	14 963
Public safety		16 840	19 456	22 631	24 740	25 933	25 933	23 504	24 994	26 511
Housing		42 250	50 511	45 991	51 774	67 328	67 328	45 834	39 440	43 397
Health		3 052	3 310	3 862	4 276	4 351	4 351	3 682	3 903	4 098
Economic and environmental services		35 426	29 127	32 103	36 862	39 352	39 352	34 954	35 104	36 132
Planning and development		5 106	4 995	6 017	6 477	7 682	7 682	6 544	6 904	7 245
Road transport		30 320	23 539	25 172	29 059	30 181	30 181	26 666	26 364	26 964
Environmental protection		–	594	914	1 327	1 489	1 489	1 745	1 835	1 923
Trading services		164 707	182 576	216 918	255 369	236 826	236 826	229 240	249 362	275 550
Electricity		88 934	107 121	121 827	159 045	142 825	142 825	141 297	159 867	182 798
Water		36 066	36 505	45 902	46 112	44 671	44 671	42 917	45 065	47 489
Waste water management		20 196	21 475	23 164	28 537	28 312	28 312	27 510	26 056	26 051
Waste management		19 512	17 474	26 025	21 674	21 018	21 018	17 516	18 374	19 212
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Standard	3	328 870	475 583	404 629	471 618	467 234	467 234	499 137	522 201	563 014
Surplus/(Deficit) for the year		23 514	(29 748)	98 341	19 801	39 316	39 316	25 686	50 733	65 599

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes

2. Total Revenue by standard classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)

3. Total Expenditure by Standard Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)

4. All amounts must be classified under a standard classification (modified GFS). The GFS function 'Other' is only for Abbatoirs, Air Transport, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification

Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

WC048 Knysna - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue &		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote	1									
Vote 1 - Executive & Council		5 358	10 635	61 997	5 705	5 830	5 830	5 986	6 398	7 030
Vote 2 - Corporate Services		3 103	3 277	2 664	3 186	3 644	3 644	3 147	3 250	3 465
Vote 3 - Financial Services		92 224	119 275	128 001	136 881	137 482	137 482	154 418	165 176	174 507
Vote 4 - Strategic Services		398	1 643	154	–	–	–	–	–	–
Vote 5 - Planning & Development		43 937	41 068	44 042	52 566	72 998	72 998	46 260	59 704	69 216
Vote 6 - Community Services		27 124	26 090	27 827	31 964	33 695	33 695	34 104	38 535	44 913
Vote 7 - Electrical Services		103 153	128 368	147 030	183 126	173 618	173 618	191 287	210 497	239 831
Vote 8 - Technical Services		77 087	115 480	91 256	77 991	79 283	79 283	89 621	89 374	89 651
Total Revenue by Vote	2	352 384	445 835	502 970	491 419	506 550	506 550	524 823	572 934	628 613
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Executive & Council		20 615	127 212	33 905	30 777	29 987	29 987	31 433	32 749	34 060
Vote 2 - Corporate Services		8 308	9 855	9 600	12 084	13 518	13 518	14 707	15 370	15 663
Vote 3 - Financial Services		7 081	10 847	5 316	16 017	14 577	14 577	22 032	23 980	25 789
Vote 4 - Strategic Services		6 402	15 587	3 461	–	–	–	–	–	–
Vote 5 - Planning & Development		48 571	58 205	56 530	65 422	80 797	80 797	61 850	56 310	61 108
Vote 6 - Community Services		60 149	62 334	78 671	81 199	80 232	80 232	84 159	87 967	92 221
Vote 7 - Electrical Services		90 761	109 980	124 882	162 434	146 071	146 071	170 492	190 111	214 469
Vote 8 - Technical Services		86 983	81 563	92 265	103 686	102 052	102 052	114 464	115 715	119 705
Total Expenditure by Vote	2	328 870	475 583	404 629	471 618	467 234	467 234	499 137	522 201	563 014
Surplus/(Deficit) for the year	2	23 514	(29 748)	98 341	19 801	39 316	39 316	25 686	50 733	65 599

References

1. Insert 'Vote'; e.g. department, if different to standard classification structure

2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)

3. Assign share in 'associate' to relevant Vote

The various points of note within this table are the following.

Revenue

- Financial Services: Impact of new valuation Roll.
- Planning & Development Services: The impact at the Adjustment Budget stage of the additional housing moneys. Not in the new budget.

Expenditure

- Financial Services: Contributions to various reserves and provisions (most notably bad debt) and budgeted posts not filled in previous year.
- Planning & Development: additional housing expenditures in previous year.

Table A4 - Budgeted Financial Performance (revenue and expenditure)

WC048 Knysna - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source											
Property rates	2	80 793	108 597	116 791	124 931	125 631	125 631	125 631	140 834	149 745	157 032
Property rates - penalties & collection charges		1 625	1 926	2 019	1 772	1 772	1 772	1 772	2 557	2 685	2 819
Service charges - electricity revenue	2	93 588	117 077	138 946	173 915	160 059	160 059	160 059	178 007	199 403	226 421
Service charges - water revenue	2	31 915	35 479	37 925	39 278	40 150	40 150	40 150	43 113	45 592	48 217
Service charges - sanitation revenue	2	13 494	8 460	9 121	9 523	9 523	9 523	9 523	10 001	10 573	11 182
Service charges - refuse revenue	2	14 400	11 433	12 715	13 506	13 506	13 506	13 506	13 590	14 112	14 798
Service charges - other		2 919	3 132	3 310	2 442	2 442	2 442	2 442	3 219	3 460	3 718
Rental of facilities and equipment		3 551	3 972	4 069	4 853	4 853	4 853	4 853	4 598	4 919	5 268
Interest earned - external investments		7 573	5 876	5 915	6 786	6 786	6 786	6 786	7 701	9 309	10 934
Interest earned - outstanding debtors		4 173	3 777	3 873	3 683	3 683	3 683	3 683	4 034	3 712	3 813
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		2 513	2 125	2 338	2 282	3 162	3 162	3 162	3 506	3 845	4 162
Licences and permits		1 386	1 379	1 719	1 787	1 787	1 787	1 787	1 798	1 941	2 110
Agency services		1 692	1 689	1 716	1 698	1 698	1 698	1 698	1 691	1 700	1 709
Transfers recognised - operational		49 697	61 732	62 943	70 210	93 471	93 471	93 471	81 223	73 951	81 102
Other revenue	2	6 333	13 744	60 317	4 344	4 495	4 495	4 495	3 198	3 248	3 416
Gains on Disposal of Assets		2 540	243	1 541	166	166	166	166	186	150	200
Total Revenue (excluding capital transfers and contributions)		318 191	380 640	465 259	461 176	473 184	473 184	473 184	499 256	528 345	576 901
Expenditure By Type											
Employee related costs	2	100 602	114 453	125 016	143 362	139 341	139 341	139 341	155 961	165 267	173 511
Remuneration of councillors		4 009	4 302	4 588	5 899	5 779	5 779	5 779	6 078	6 382	6 701
Debt impairment	3	6 205	12 107	17 259	13 053	13 430	13 430	13 430	20 220	21 542	23 106
Depreciation & asset impairment	2	29 131	87 695	18 676	33 817	22 053	22 053	22 053	21 910	21 671	20 937
Finance charges		17 243	16 572	17 204	20 363	16 043	16 043	16 043	16 309	14 462	12 597
Bulk purchases	2	53 798	69 092	85 586	109 455	101 055	101 055	101 055	119 175	137 051	159 664
Other materials	8	12 750	13 823	14 679	14 104	14 829	14 829	14 829	15 008	15 844	16 779
Contracted services		12 262	12 220	12 806	12 726	13 142	13 142	13 142	15 010	15 806	16 660
Transfers and grants		5 003	5 357	5 843	5 791	5 871	5 871	5 871	5 236	5 279	5 323
Other expenditure	4, 5	86 204	131 784	102 435	113 049	135 691	135 691	135 691	124 231	118 898	127 737
Loss on disposal of PPE		–	41	538	–	–	–	–	–	–	–
Total Expenditure		327 208	467 446	404 629	471 618	467 234	467 234	467 234	499 137	522 201	563 014
Surplus/(Deficit)		(9 017)	(86 806)	60 630	(10 442)	5 950	5 950	5 950	119	6 144	13 887
Transfers recognised - capital		34 193	65 195	36 888	30 243	32 889	32 889	32 889	25 567	44 589	51 712
Contributions recognised - capital	6	–	–	823	–	477	477	477	–	–	–
Contributed assets		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		25 176	(21 611)	98 341	19 801	39 316	39 316	39 316	25 686	50 733	65 599
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		25 176	(21 611)	98 341	19 801	39 316	39 316	39 316	25 686	50 733	65 599
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		25 176	(21 611)	98 341	19 801	39 316	39 316	39 316	25 686	50 733	65 599
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		25 176	(21 611)	98 341	19 801	39 316	39 316	39 316	25 686	50 733	65 599

References

1. Classifications are revenue sources and expenditure type

2. Detail to be provided in Table SA1

3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment

4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs

5. Repairs & maintenance detailed in Table A9 and Table SA34c

6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)

7. Equity method

8. All materials not part of 'bulk' e.g road making materials, pipe, cable etc.

The most interesting element in the above table is the percentage of electricity bulk purchases to electricity revenue. There have been a number of commentators in Knysna who have accused the municipality of exploiting the electricity tariff to generate higher "profits". The table below, (figures taken from A4 above) in fact shows the complete opposite and that Knysna has done exactly what was asked of it by NERSA and held tariffs down—i.e. subsidised tariffs from the rates.

(R '000)	2009/10	2010/11	2011/12	2012/13	2013/14	201415
Bulk charge	69 092	85 586	101 055	119 175	137 051	159 664
Electricity revenue	117 077	138 946	160 059	178 007	199 403	226 421
% bulk/rev	59.0	61.6	63.1	66.9	68.7	70.5

A similar argument has existed regarding rates and salary increases. The table below shows the relationship between property rates and employee costs since 2009/10 through the duration of the MTREF.

(R '000)	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Property rates	108 597	116 791	125 631	140 834	149 745	157 032
Employee costs	114 453	125 016	139 341	155 961	165 267	173 511
% rates/ empl costs	94.9	93.4	90.2	90.3	90.6	90.5

What this table shows is that Council has stabilised the relationship between rates and salaries at 90%. It is almost impossible in these days of national collective bargaining to maintain the rates/salaries ratio at anything like a constant. The MTREF is indicating that with very strict staff monitoring regarding the creation of new posts, the ratio can be maintained at 90% without hampering service delivery. This table obviously precludes major shifts in inflation or bargaining agreements.

Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding

WC048 Knysna - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - Executive & Council		–	–	–	500	500	500	500	1 000	2 500	3 500
Vote 2 - Corporate Services		–	–	–	–	–	–	–	–	–	–
Vote 3 - Financial Services		–	–	–	4 000	4 072	4 072	4 072	3 000	1 000	–
Vote 4 - Strategic Services		–	–	–	–	–	–	–	–	–	–
Vote 5 - Planning & Development		19 530	–	4 015	11 404	10 720	10 720	10 720	4 094	22 544	27 780
Vote 6 - Community Services		–	–	–	–	–	–	–	–	–	–
Vote 7 - Electrical Services		–	–	1 098	8 245	9 343	9 343	9 343	–	–	–
Vote 8 - Technical Services		617	4 772	16 995	16 643	25 027	25 027	25 027	11 808	15 940	10 550
Capital multi-year expenditure sub-total	7	20 148	4 772	22 108	40 792	49 662	49 662	49 662	19 902	41 984	41 830
Single-year expenditure *to be appropriated*	2										
Vote 1 - Executive & Council		52	1 503	354	2 909	2 095	2 095	2 095	2 055	2 066	2 075
Vote 2 - Corporate Services		35	–	202	264	255	255	255	24	26	28
Vote 3 - Financial Services		407	7	3 233	1 068	1 918	1 918	1 918	615	637	660
Vote 4 - Strategic Services		2 019	4 698	–	–	–	–	–	–	–	–
Vote 5 - Planning & Development		667	–	3 164	2 041	3 632	3 632	3 632	2 232	2 462	1 595
Vote 6 - Community Services		8 952	–	587	4 505	5 646	5 646	5 646	5 494	6 216	9 137
Vote 7 - Electrical Services		7 311	15	4 431	2 739	10 599	10 599	10 599	7 792	4 446	7 128
Vote 8 - Technical Services		26 487	88 789	20 135	8 693	11 613	11 613	11 613	6 776	3 178	10 571
Capital single-year expenditure sub-total		45 930	95 011	32 106	22 219	35 758	35 758	35 758	24 988	19 031	31 194
Total Capital Expenditure - Vote		66 078	99 783	54 213	63 011	85 420	85 420	85 420	44 890	61 015	73 024
Capital Expenditure - Standard											
Governance and administration		3 194	6 222	7 766	13 703	17 730	17 730	17 730	7 338	25 404	36 243
Executive and council		52	1 503	354	3 409	2 595	2 595	2 595	3 055	4 566	5 575
Budget and treasury office		229	7	634	1 878	1 743	1 743	1 743	1 065	67	70
Corporate services		2 914	4 712	6 777	8 416	13 392	13 392	13 392	3 218	20 771	30 598
Community and public safety		24 151	–	6 561	12 663	10 470	10 470	10 470	9 906	13 388	15 040
Community and social services		1 100	–	58	2 900	2 856	2 856	2 856	3 014	5 088	8 772
Sport and recreation		390	–	–	–	350	350	350	–	–	–
Public safety		2 503	–	908	805	733	733	733	700	888	1 733
Housing		20 158	–	5 595	8 958	6 531	6 531	6 531	6 192	7 412	4 535
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		5 397	–	1 470	4 942	6 594	6 594	6 594	1 554	3 620	5 586
Planning and development		28	–	1	–	–	–	–	–	–	–
Road transport		5 369	–	1 456	4 942	6 594	6 594	6 594	1 554	3 620	5 586
Environmental protection		–	–	13	–	–	–	–	–	–	–
Trading services		33 336	93 561	38 417	31 703	50 626	50 626	50 626	26 092	18 603	16 155
Electricity		7 115	–	4 717	10 984	19 882	19 882	19 882	7 792	4 358	5 395
Water		14 457	93 561	25 869	7 093	7 200	7 200	7 200	6 728	14 245	10 760
Waste water management		7 220	–	7 712	13 026	22 513	22 513	22 513	10 072	–	–
Waste management		4 544	–	120	600	1 031	1 031	1 031	1 500	–	–
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	3	66 078	99 783	54 213	63 011	85 420	85 420	85 420	44 890	61 015	73 024
Funded by:											
National Government		10 826	10 218	33 163	22 523	25 546	25 546	25 546	21 109	39 589	48 712
Provincial Government		20 118	–	3 457	7 720	3 935	3 935	3 935	4 458	5 000	3 000
District Municipality		520	141	200	–	–	–	–	–	–	–
Other transfers and grants		427	394	891	–	465	465	465	–	–	–
Transfers recognised - capital	4	31 891	10 753	37 711	30 243	29 946	29 946	29 946	25 567	44 589	51 712
Public contributions & donations	5	–	–	–	–	477	477	477	–	–	–
Borrowing	6	32 223	78 499	9 892	16 645	29 945	29 945	29 945	8 860	3 500	3 917
Internally generated funds		1 964	10 531	6 610	16 123	25 052	25 052	25 052	10 463	12 926	17 395
Total Capital Funding	7	66 078	99 783	54 213	63 011	85 420	85 420	85 420	44 890	61 015	73 024

References

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).

2. Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year

3. Capital expenditure by standard classification must reconcile to the appropriations by vote

4. Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)

5. Must reconcile to Budgeted Financial Performance (revenue and expenditure)

6. Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17

7. Total Capital Funding must balance with Total Capital Expenditure

8. Include any capitalised interest (MFMA section 46) as part of relevant capital budget

Table A6 - Budgeted Financial Position

The following three tables namely A6, A7 and A8 below are probably the most important in this whole document. As a result all comments have been reserved until after table A8 and refer to all three of the tables.

WC048 Knysna - Table A6 Budgeted Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
ASSETS											
Current assets											
Cash		183	782	26 231	2 372	33 456	33 456	33 456	7 178	9 728	13 687
Call investment deposits	1	60 707	26 182	31 078	8 048	1 507	1 507	1 507	30 000	40 000	50 000
Consumer debtors	1	35 223	39 626	43 062	60 982	60 982	60 982	60 982	62 058	63 183	64 369
Other debtors		19 792	33 501	24 045	8 500	2 943	2 943	2 943	3 237	3 561	3 917
Current portion of long-term receivables		121	118	63	232	63	63	63	65	70	75
Inventory	2	2 320	1 685	2 223	2 030	2 030	2 030	2 030	2 172	2 324	2 486
Total current assets		118 345	101 894	126 702	82 164	100 980	100 980	100 980	104 711	118 866	134 535
Non current assets											
Long-term receivables		329	463	467	500	505	505	505	445	380	310
Investments		11 819	13 295	14 984	23 043	16 680	16 680	16 680	26 955	29 748	32 830
Investment property		109	142 103	160 441	89	160 441	160 441	160 441	160 441	160 441	160 441
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	421 788	807 201	878 587	546 936	941 954	941 954	941 954	964 976	1 004 323	1 056 410
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		412	178	88	–	88	88	88	46	43	43
Other non-current assets		19	2 187	2 398	25	2 652	2 652	2 652	2 652	2 652	2 652
Total non current assets		434 475	965 426	1 056 965	570 593	1 122 320	1 122 320	1 122 320	1 155 515	1 197 587	1 252 686
TOTAL ASSETS		552 820	1 067 320	1 183 667	652 757	1 223 300	1 223 300	1 223 300	1 260 226	1 316 453	1 387 221
LIABILITIES											
Current liabilities											
Bank overdraft	1	15 471	10 186	–	–	–	–	–	–	–	–
Borrowing	4	12 603	14 458	17 181	15 162	15 162	15 162	15 162	16 678	18 346	20 181
Consumer deposits		8 183	8 475	9 103	9 795	9 795	9 795	9 795	10 774	11 852	13 037
Trade and other payables	4	49 254	35 736	43 655	33 244	38 909	38 909	38 909	41 298	44 724	48 437
Provisions		9 711	14 174	17 852	12 739	12 739	12 739	12 739	15 924	17 516	19 268
Total current liabilities		95 222	83 028	87 792	70 940	76 605	76 605	76 605	84 674	92 439	100 923
Non current liabilities											
Borrowing		154 876	155 997	157 974	158 555	152 935	152 935	152 935	145 117	130 271	114 007
Provisions		53 822	53 992	65 258	61 124	77 411	77 411	77 411	88 400	100 976	113 925
Total non current liabilities		208 699	209 988	223 231	219 679	230 346	230 346	230 346	233 517	231 247	227 932
TOTAL LIABILITIES		303 921	293 017	311 023	290 618	306 951	306 951	306 951	318 191	323 685	328 855
NET ASSETS	5	248 899	774 304	872 644	362 139	916 349	916 349	916 349	942 035	992 767	1 058 366
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		244 497	769 883	854 489	351 530	902 691	902 691	902 691	895 926	935 508	989 956
Reserves	4	4 402	4 420	18 156	10 608	13 658	13 658	13 658	46 109	57 260	68 410
Minorities' interests		–	–	–	–	–	–	–			
TOTAL COMMUNITY WEALTH/EQUITY	5	248 899	774 304	872 644	362 139	916 349	916 349	916 349	942 035	992 767	1 058 366

References

1. Detail to be provided in Table SA3

2. Include completed low cost housing to be transferred to beneficiaries within 12 months

3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)

4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.

5. Net assets must balance with Total Community Wealth/Equity

Table A7 - Budgeted Cash Flows

WC048 Knysna - Table A7 Budgeted Cash Flows

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		244 486	271 980	334 196	369 442	359 100	359 100	359 100	404 741	439 775	479 310
Government - operating	1	49 697	61 732	62 943	70 210	93 125	93 125	93 125	81 223	73 951	81 102
Government - capital	1	34 193	65 195	36 888	30 243	28 474	28 474	28 474	25 567	44 589	51 712
Interest		7 573	5 876	5 915	5 073	6 786	6 786	6 786	11 735	13 021	14 747
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(261 769)	(314 189)	(327 463)	(374 132)	(408 920)	(408 920)	(408 920)	(439 261)	(463 347)	(505 907)
Finance charges		(17 243)	(16 572)	(17 193)	(20 352)	(16 043)	(16 043)	(16 043)	(16 309)	(14 462)	(12 597)
Transfers and Grants	1	(5 003)	(5 357)	(5 843)	–	–	–	–	(5 236)	(5 279)	(5 323)
NET CASH FROM/(USED) OPERATING ACTIVITIES		51 934	68 664	89 442	80 484	62 522	62 522	62 522	62 460	88 248	103 044
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		2 520	243	1 560	166	166	166	166	186	150	200
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		220	(70)	710	65	65	65	65	58	60	65
Decrease (increase) in non-current investments		(1 335)	(1 694)	(3 203)	(8 127)	1 997	1 997	1 997	(10 275)	(2 793)	(3 082)
Payments											
Capital assets		(66 092)	(99 783)	(53 390)	(63 011)	(81 099)	(81 099)	(81 099)	(44 890)	(61 015)	(73 024)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(64 687)	(101 304)	(54 322)	(70 907)	(78 871)	(78 871)	(78 871)	(54 922)	(63 598)	(75 841)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		44 579	15 515	20 111	8 245	8 245	8 245	8 245	8 860	3 500	3 917
Increase (decrease) in consumer deposits		239	292	629	420	420	420	420	979	1 077	1 185
Payments											
Repayment of borrowing		(13 389)	(11 807)	(15 329)	(14 662)	(14 662)	(14 662)	(14 662)	(15 162)	(16 678)	(18 346)
NET CASH FROM/(USED) FINANCING ACTIVITIES		31 429	3 999	5 411	(5 997)	(5 997)	(5 997)	(5 997)	(5 322)	(12 101)	(13 244)
NET INCREASE/ (DECREASE) IN CASH HELD		18 676	(28 641)	40 531	3 580	(22 346)	(22 346)	(22 346)	2 216	12 549	13 960
Cash/cash equivalents at the year begin:	2	26 743	45 419	16 778	6 140	57 309	57 309	57 309	34 963	37 179	49 728
Cash/cash equivalents at the year end:	2	45 419	16 778	57 309	9 720	34 963	34 963	34 963	37 179	49 728	63 688

Table A8 - Cash backed reserves/accumulated surplus reconciliation

WC048 Knysna - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available											
Cash/cash equivalents at the year end	1	45 419	16 778	57 309	9 720	34 963	34 963	34 963	37 179	49 728	63 688
Other current investments > 90 days		(0)	0	0	700	0	0	0	(0)	(0)	(0)
Non current assets - Investments	1	11 819	13 295	14 984	23 043	16 680	16 680	16 680	26 955	29 748	32 830
Cash and investments available:		57 238	30 073	72 292	33 463	51 642	51 642	51 642	64 133	79 476	96 517
Application of cash and investments											
Unspent conditional transfers		27 045	8 414	5 634	685	773	773	773	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–		–
Other working capital requirements	3	(30 806)	(36 667)	(19 171)	(34 768)	(29 510)	(29 510)	(29 510)	(29 711)	(28 369)	(26 824)
Other provisions		9 711	14 174	17 852	12 739	12 739	12 739	12 739	15 924	17 516	19 268
Long term investments committed	4	–	–	–	–	–	–	–	26 955	29 748	32 830
Reserves to be backed by cash/investments	5	4 402	4 420	18 156	10 608	13 658	13 658	13 658	46 109	57 260	68 410
Total Application of cash and investments:		10 353	(9 659)	22 470	(10 735)	(2 340)	(2 340)	(2 340)	59 277	76 155	93 684
Surplus(shortfall)		46 886	39 732	49 822	44 198	53 982	53 982	53 982	4 857	3 321	2 833

References

1. Must reconcile with Budgeted Cash Flows

2. For example: VAT, taxation

3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)

4. For example: sinking fund requirements for borrowing

5. Council approval required for each reserve created and basis of cash backing of reserves

The anticipated consumer debtors figure of R60.9 million (table A6) at the end of 2012/13 is the net figure as it includes the bad debt or debt impairment provisions totalling R52.4 million (for more information see 'Supporting Table SA3: Supporting detail to 'Budgeted Financial Position''). As stated last year far more attention needs to be paid to minimising debt at an early stage, that is, before it reaches 90 days. After that point debt recovery, especially on services other than rates or electricity, becomes very problematic.

From a technical perspective our Debt Impairment Provision is adequate and it is our intention to write-off some considerable amounts mainly relating to water, sewer and refuse debts towards the end of this current financial year or early in the new financial year.

Council continues to follow the iron fist in a velvet glove approach to credit control with good success. Sadly however the debtor's position can only mark time at best and we have therefore been handing over more debtors to our debt collectors for direct action.

It should be noted that by the end of the MTREF Councils outstanding borrowings should fall to R114 million. This is well below the peak of nearly R158 million reached in 2009/10 which was the year of our major credit crunch and cash concerns and coincidentally the year of the major World Cup expenditures. Once again this demonstrates the implementation of our financial strategy over the last three years and places Knysna in a very good position to take advantage of the upward economic cycle predicted for 2014/15. This is also perfect timing for the predicted NDPG spends which we believe should be close to R30 million in that period.

Table SA8 entitled Performance Indicators confirms the downward trends in both our Gearings and our Debt to Equity ratios.

Table A8 shows the Council contributions into our cash backed reserves. This is the major reason behind the drop in capital expenditure in this year. At some stage there has to be a time out in the governmental spending cycle and a review of the borrowing requirements and taxation policies undertaken. In Knysna's case that time is now. The GV incidence shift onto the lower and higher valued properties requires Council to take stock of its financial and economic situation and then to move forward in a common direction and in a controlled manner. Knysna is no different to national government or other international economies where growth is lower than forecast at present. The policies we are following should allow us in the near future to enable Council to curtail its borrowings entirely if it so wishes.

Over the last few years there has been a debate in local government circles as to how to handle VAT on Government grants. The CFO of Knysna has always taken the view that the conditional grants are VAT inclusive. In effect national government has budgeted to pay the VAT inclusive price of all goods and services of municipalities using those grants.

For some reason other government including some national and provincial departments have not understood this fully and it has prompted endless and pointless debate to the extent that the Auditor-General has sometimes become confused. The bottom line is that by making the grants VAT inclusive, national government has given local government an additional "own" revenue that can either be used to subsidise rate and tariff increases or to allow for budget increases on the expenditure side or build capital replacement reserves. Knysna has used the "own" revenue for a mix of these purposes and has been proven correct in the manner it has treated the VAT.

Table A9 - Asset Management

WC048 Knysna - Table A9 Asset Management

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CAPITAL EXPENDITURE										
Total New Assets	1	43 954	42 626	32 368	21 109	27 919	27 919	19 389	47 606	56 647
Infrastructure - Road transport		583	–	1 456	1 540	5 227	5 227	1 096	1 870	5 586
Infrastructure - Electricity		3 735	–	2 658	1 940	5 171	5 171	5 484	2 280	3 268
Infrastructure - Water		11 380	28 755	19 823	2 062	2 062	2 062	5 929	13 806	9 221
Infrastructure - Sanitation		2 165	–	–	–	–	–	–	–	–
Infrastructure - Other		979	–	1 399	702	8 422	8 422	458	–	–
Infrastructure		*18 842*	*28 755*	*25 336*	*6 244*	*20 882*	*20 882*	*12 967*	*17 956*	*18 075*
Community		21 334	3 079	3 087	13 404	4 816	4 816	6 357	29 632	38 552
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	3 765	10 792	3 945	1 461	2 221	2 221	65	18	20
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		14	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	22 124	57 157	21 845	41 902	57 501	57 501	25 501	13 409	16 377
Infrastructure - Road transport		3 915	–	–	2 660	660	660	–	–	–
Infrastructure - Electricity		4 088	–	3 483	10 745	16 703	16 703	3 000	4 000	5 000
Infrastructure - Water		2 987	46 128	5 481	5 031	5 121	5 121	88	439	1 539
Infrastructure - Sanitation		3 714	–	7 705	12 666	20 884	20 884	9 852	–	–
Infrastructure - Other		281	–	–	–	250	250	–	–	–
Infrastructure		*14 985*	*46 128*	*16 669*	*31 102*	*43 618*	*43 618*	*12 940*	*4 439*	*6 539*
Community		2 800	1 548	–	2 700	3 315	3 315	2 701	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	4 339	9 481	5 176	8 100	10 568	10 568	9 860	8 970	9 838
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4									
Infrastructure - Road transport		4 498	–	1 456	4 200	5 887	5 887	1 096	1 870	5 586
Infrastructure - Electricity		7 823	–	6 141	12 685	21 874	21 874	8 484	6 280	8 268
Infrastructure - Water		14 367	74 883	25 304	7 093	7 183	7 183	6 017	14 245	10 760
Infrastructure - Sanitation		5 879	–	7 705	12 666	20 884	20 884	9 852	–	–
Infrastructure - Other		1 260	–	1 399	702	8 672	8 672	458	–	–
Infrastructure		*33 827*	*74 883*	*42 004*	*37 346*	*64 500*	*64 500*	*25 907*	*22 395*	*24 614*
Community		24 134	4 627	3 087	16 104	8 131	8 131	9 058	29 632	38 552
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		8 103	20 273	9 121	9 561	12 789	12 789	9 925	8 988	9 858
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		14	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	2	66 078	99 783	54 213	63 011	85 420	85 420	44 890	61 015	73 024
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		–	93 183	94 503	23 407	99 070	99 070	96 354	94 411	96 218
Infrastructure - Electricity		69 610	169 118	178 637	91 288	190 992	190 992	194 052	194 908	197 752
Infrastructure - Water		121 144	166 952	160 204	143 542	174 135	174 135	175 178	184 447	190 231
Infrastructure - Sanitation		30 981	52 944	81 718	48 075	73 828	73 828	81 500	79 239	76 978
Infrastructure - Other		1 458	848	761	155 029	1 800	1 800	2 245	2 232	2 219
Infrastructure		*223 193*	*483 045*	*515 823*	*461 341*	*539 825*	*539 825*	*549 329*	*555 237*	*563 398*
Community		15 836	20 700	23 353	53 433	85 884	85 884	94 512	123 713	161 834
Heritage assets		594	1 557	1 711	554	1 557	1 557	1 554	1 551	1 548
Investment properties		109	142 103	160 441	89	160 441	160 441	160 441	160 441	160 441
Other assets		182 165	301 900	337 700	31 608	314 688	314 688	319 581	323 822	329 630
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		412	178	88	–	88	88	46	43	43
TOTAL ASSET REGISTER SUMMARY - PPE (WDV	5	422 308	949 482	1 039 117	547 025	1 102 483	1 102 483	1 125 463	1 164 807	1 216 894
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		29 131	87 695	18 676	33 817	22 053	22 053	21 910	21 671	20 937
Repairs and Maintenance by Asset Class	3	42 153	43 471	49 707	60 772	61 013	61 013	67 500	72 863	78 112
Infrastructure - Road transport		10 154	9 635	11 126	12 459	15 314	15 314	13 848	14 564	15 207
Infrastructure - Electricity		6 669	8 086	8 124	14 281	10 353	10 353	15 473	17 569	19 638
Infrastructure - Water		7 487	7 539	9 127	8 320	9 649	9 649	9 612	10 720	11 781
Infrastructure - Sanitation		4 132	4 053	4 258	5 165	5 750	5 750	5 938	6 252	6 540
Infrastructure - Other		151	–	–	129	111	111	451	455	463
Infrastructure		*28 594*	*29 313*	*32 634*	*40 354*	*41 176*	*41 176*	*45 321*	*49 560*	*53 629*
Community		4 972	4 870	6 177	6 722	6 793	6 793	7 597	8 035	8 427
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	8 587	9 288	10 895	13 697	13 043	13 043	14 582	15 268	16 057
TOTAL EXPENDITURE OTHER ITEMS		71 284	131 167	68 382	94 589	83 067	83 067	89 410	94 534	99 049
Renewal of Existing Assets as % of total capex		*33.5%*	*57.3%*	*40.3%*	*66.5%*	*67.3%*	*67.3%*	*56.8%*	*22.0%*	*22.4%*
Renewal of Existing Assets as % of deprecn"		*75.9%*	*65.2%*	*117.0%*	*123.9%*	*260.7%*	*260.7%*	*116.4%*	*61.9%*	*78.2%*
R&M as a % of PPE		*10.0%*	*5.4%*	*5.7%*	*11.1%*	*6.5%*	*6.5%*	*7.0%*	*7.3%*	*7.4%*
Renewal and R&M as a % of PPE		*15.0%*	*11.0%*	*7.0%*	*19.0%*	*11.0%*	*11.0%*	*8.0%*	*7.0%*	*8.0%*

References

1. Detail of new assets provided in Table SA34a

2. Detail of renewal of existing assets provided in Table SA34b

3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c

4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure

5. Must reconcile to 'Budgeted Financial Position' (written down value)

6. Donated/contributed and assets funded by finance leases to be allocated to the respective category

7. Including repairs and maintenance to agricultural, biological and intangible assets

Table A10 - Basic service delivery measurement

WC048 Knysna - Table A10 Basic service delivery measurement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets	1									
Water:										
Piped water inside dwelling										
Piped water inside yard (but not in dwelling)										
Using public tap (at least min.service level)	2									
Other water supply (at least min.service level)	4									
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:										
Flush toilet (connected to sewerage)										
Flush toilet (with septic tank)										
Chemical toilet										
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Bucket toilet										
Other toilet provisions (< min.service level)										
No toilet provisions										
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Energy:										
Electricity (at least min.service level)										
Electricity - prepaid (min.service level)										
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Refuse:										
Removed at least once a week										
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		7 061	7 638	8 262	8 938	8 938	8 938	9 160	9 384	9 613
Sanitation (free minimum level service)		4 237	4 583	4 957	5 363	5 363	5 363	5 496	5 630	5 768
Electricity/other energy (50kwh per household per mo		6 700	6 800	6 900	7 000	7 000	7 036	7 100	7 200	7 300
Refuse (removed at least once a week)		5 884	6 365	6 885	7 448	7 448	7 448	7 633	7 820	8 011
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		5 344	9 094	12 278	13 442	12 927	12 068	15 275	18 538	22 577
Sanitation (free sanitation service)		599	459	497	537	537	537	628	733	856
Electricity/other energy (50kwh per household per mo		1 700	2 302	2 644	3 519	3 144	3 146	3 683	4 144	4 718
Refuse (removed once a week)		2 472	1 909	2 639	2 204	2 137	2 137	2 088	2 109	2 127
Total cost of FBS provided (minimum social packa		10 115	13 764	18 058	19 702	18 745	17 888	21 673	25 525	30 277
Highest level of free service provided										
Property rates (R value threshold)		30 000	30 000	30 000	30 000	30 000	30 000	65 000	65 000	65 000
Water (kilolitres per household per month)		8	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)		77	42	46	47	47	47	50	53	56
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		170	170	170	170	170	170	170	170	170
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		–	–	–	–	–	–			
Property rates (other exemptions, reductions and rebates)		16 126	18 941	21 272	23 211	22 855	22 855	22 466	22 720	24 006
Water		4 312	5 091	5 583	5 974	6 081	6 081	7 094	7 604	8 151
Sanitation		1 225	763	716	768	768	768	934	1 003	1 076
Electricity/other energy		2 188	2 322	2 951	2 873	2 603	2 603	2 340	2 621	2 974
Refuse		1 327	897	795	851	851	851	1 000	1 049	1 109
Municipal Housing - rental rebates		–	–	–	–	–	–	–	–	–
Housing - top structure subsidies	6	5 223	3 726	2 349	4 365	4 500	4 500	3 983	4 142	4 329
Other		–	–	–	–	–	–	–	–	–
Total revenue cost of free services provided (total social package)		30 400	31 739	33 666	38 042	37 658	37 658	37 817	39 139	41 645

PART 2 – SUPPORTING DOCUMENTATION

Section 5 – Overview of annual budget process

Annual planning processes

The CFO has stated in a number of budgets that in an economic downturn coupled with excessive increases for electricity then the financial elements of the IDP get turned on their head and makes the whole IDP and budget process a scarce resource allocation exercise as opposed to a proper planning one.

In recent years the operating budget of Knysna has been driven totally on the premise of cash flow and consumer affordability. Throughout South Africa there are municipalities in financial meltdown because of bad budgeting and by extension bad financial management. A bad budget automatically leads to increased non-payment and pressured cash flows.

The cash basis which we follow means that outside of those expenditures we cannot cut, for example salaries, the bulk Eskom payment and interest and redemption payments, the balance of the budget which is for repairs and maintenance, stores and materials and other expenditures simply to make the municipality function, is zero-based. In this budget repairs and maintenance has deliberately been prioritised to ensure a higher level of service delivery at the expense of "soft" services.

Budget Process 2012/13

The budget process followed the requirements of the MFMA. A schedule of key deadlines was prepared for tabling in Council by the Mayor prior to the end of August 2011 as required.

The proposed budget was tabled in Council on 28 March 2012. A period of consultation then followed.

At the culmination of the process the Mayor must consider any representations and decide if any amendments should be made to the budget.

The final budget has to be approved by Council by the end of May 2012.

The Municipality's budget is prepared on a three year basis. This takes into account the National and Provincial three year allocations to the municipality and to ensure more thorough financial planning and provide for seamless service delivery. Additionally the National Treasury Budget Circulars request local government to highlight their projected increases over the next three years to give some certainty to its customers.

Operating expenditure in 2012/13 is budgeted at R499.1 million, a 5.8% increase on the original budget for 2011/12, and a 6.8% increase on the adjusted budget for 2011/12.

The municipality sets out measurable performance objectives to link the financial inputs of the budget to service delivery on the ground. This is done in the form of quarterly service targets and monthly financial targets that are contained in the Service Delivery and Budget Implementation Plan (SDBIP). The plan must be agreed by the Mayor within 28 days of approval of the final budget and forms the basis for the Municipality's in year monitoring.

Section 6 – Overview of alignment of the annual budget with the Integrated Development Plan

Introduction

Municipalities are required to develop five year Integrated Development Plans which must be reviewed annually. It is also required that such plans must find expression in the Budget. The IDP and the budget are inter-related documents. The IDP is the budget in words, just as the budget is the IDP in figures. In the past two years comprehensive efforts have been towards ensuring that the two documents are closely link.

Problem Statement

It has been acknowledged that IDPs are still not particularly successful in setting out what is required on the ground. In the Provincial Governments Draft Strategic Plan the following was noted:

> "After more than a decade of municipal integrated development planning, IDPs still include the capital spending priorities of municipalities alone. Furthermore, IDPs do not pay enough attention to the planning priorities and development strategies of provincial departments and relevant national departments. Similarly, national and provincial departments have not done enough to ensure that municipalities' priorities are included in their annual performance plans and budgets.
>
> Separate, uncoordinated planning and budgeting processes and different planning structures and mechanisms have contributed to a lack of integrated planning and delivery at grassroots level. In addition, national and provincial service delivery boundaries have not been fully aligned with municipal boundaries, leading to different sets of information. This often makes it impossible for the three spheres of government to communicate, plan and implement properly. In addition, departments are not organised on a regional basis, so municipalities find themselves communicating with different officials over time on the same issues."

This is also acknowledged by the National Treasury who have embarked on creating a Standard Chart of Accounts (SCOA) for all municipalities which will have as an integral part, a section entitled "Projects" that allows for more meaningful financial reporting on the key programmes and projects intrinsic to the IDP. Knysna is proud to have been recognised in that it can contribute to this project and together with our systems service provider we will be piloting implementation of SCOA during the up-coming financial year. The complete project is scheduled for implementation in 2014.

Knysna's vision: The town that works for all

The Knysna Municipality has a vision which drives the Integrated Development Plan namely that of "The town that works for all".

Our greatest challenge has been to build our own absorptive capacity in order to ensure that such growth translates into economic development of the town. Critical to this is ensuring that the town has adequate infrastructure. The infrastructure investment requirements far outstrip our available income. The challenge has been to find innovative funding options for financing capital needs.

All of these challenges are compounding on an already existing problem of disparity between the affluent communities of Knysna and our historically disadvantaged ones. The National Treasury has seen fit to award Knysna some R120 million via the Neighbourhood Partnership Development Grant (NDPG) and there is the possibility of us receiving more money if we are seen to be developing our poorer areas optimally. This grant must be seen as the catalyst and driver in the forthcoming years to move Knysna to a higher level of development and economic growth. Without this stimulus the probability is that Knysna will decay economically with all the attendant recessionary problems that follow. This also drives us to ensure that we consolidate our relationships with the private sector, hence our fullest support of the Knysna Chamber of Commerce. National and Provincial Governments should also prove to be valuable partners. Knysna's human capital wealth must also be harnessed.

Key challenges facing Knysna

Knysna Municipality is faced with a complex set of development challenges; their outlook is consistent with the broader challenges facing local government albeit with some peculiarities:

i. Sustainable Infrastructure Investment

The continued growth of the town has put a lot of pressure on infrastructure. That growth—which cannot simply be stopped—will continue at a rate which the Municipality is battling to match financially.

ii. Focused development of the previously disadvantaged

The poorest communities in our areas are subjected to the worst living conditions and the Municipality has committed itself towards poverty alleviation. Programmes with clear funding intentions are being designed for that purpose. The Neighbourhood Revitalisation Programme is the desired response to this problem.

iii. Integrated Human Settlement

The provision of housing settlements with a strong emphasis on sustainability is an important issue for Knysna Municipality. Within the context of a composite set of development needs of the previously

disadvantaged, the Municipality will address the need for housing, as far as it financially can. Although some of the obstacles regarding successful housing provision are not necessarily within the control of the municipality i.e. access to land, the challenge still remains for Council to devise creative strategies to deal with this matter. In line with that the Council has engaged with the other spheres of government i.e. DWAF & Department of Public Works. The Integrated Human Settlement strategy will pave the way for future housing provision in the Knysna area provided the strategy remains affordable to the Knysna tax and tariff paying community

iv. The challenge of promoting Local Economic Development

The need for the diversification of the local economy through facilitating the emergence of previously underperforming sectors is an important catalyst for economic development. Our Local Economic Development strategy focuses on mainstreaming the previously disadvantaged people. Crucial to this is the need to work in partnership with relevant stakeholders in boosting employment and fostering SMMEs and our SCM policies and strategies are being tailored to support this challenge.

v. The challenge of ensuring municipal financial viability

A municipality lives and dies by its ability to balance needs with resources. Knysna Municipality cannot generate sufficient resources to properly satisfy all its needs. Therefore those needs will have to be managed and dealt with in a financially sustainable manner. Promises of quick and easy solutions are simply lies.

vi. The challenge of municipal transformation and institutional development

Staff development is crucial to meet the challenges of Knysna and the new ethos of local government. The Employment Equity imperatives have to be assessed continually to ensure that Knysna Municipality's transformation remains in line with the broader transformation agenda of South Africa. Included in this must be an accelerated emphasis on growing and developing our own timber. Knysna does not have the luxury of competing in terms of salary and therefore our ability to attract qualified and quality staff is severely limited. We must therefore develop from within.

vii. Public Participation

Public Participation is an important feature of any democratic environment. Although the legislative environment provides adequately for public participation, Knysna Municipality is challenged to ensure that it continues to build on its successes over the last few years.

Section 7 – Measurable performance objectives and indicators

Indicators and ratios

The key financial indicators and ratios mentioned below are disclosed in Annexure 2, 'Supporting Table SA8: Performance indicators and benchmarks':

- Borrowing management
- Safety of capital
- Liquidity
- Debtors' and creditors' management
- Mix of expenditure types
- Mix of revenue sources
- Unaccounted for losses in respect of services rendered

Funding measure ratios are disclosed in Annexure 2 'Supporting Table SA10: Funding measurement'.

Drinking water quality and waste water management

Due to concerns surrounding the quality of municipal drinking water and failures in the management of waste water, National Treasury requires that the following section is included in the 2012/13 budget document.

i. Water Services Authority & Water Services Provider:

Knysna Municipality

Blue Drop Status

From the Blue Drop Report for 2010 of the South African Drinking Water Authority Management Performance undertaken by the Development of Water Affairs the following statement is made:

"Knysna Local Municipality once again impressed during the Blue Drop assessments; reasonably high scores were obtained which is indicative of commitment levels to drinking water quality management. A well deserved Blue Drop Certification was obtained for the water supply system of Karatara.

All the systems have in place what is required to manage according to the Blue Drop requirements, however acceptable instead of excellent microbiological water quality is generally distributed. Chemical quality also requires attention. Once this has been dealt with, more Blue Drop systems can be expected".

With eight discrete monitoring points Knysna's systems are very complex and the results were good with Karatara Water Treatment Works being awarded Blue Drop Status.

ii. Green Drop Status

From the Green Drop 2009 assessments of the Department of Water Affairs the following result was received.

"The Green Drop 2009 assessments revealed an acceptable level of management ability and delivery of a reasonable to good waste water services performance, as is evident by your Green Drop scores achieving an average of between 50% and 90%. This score places your Municipality within the 203 (45%) waste water services systems that achieved scores above 50%".

More up to date assessments are expected shortly.

iii. Water Safety Plan

The Water Safety Plan was implemented with the assessments from 2010 and the shortfalls are addressed in the operational requirements of the MTREF. Where capacity issues are of concern the challenges remain the capacity funding of major projects. Knysna Waste Water Treatment Works is being addressed in the 3 year capital program and additional funding is being sought for other areas.

iv. Challenges

The challenges, as mentioned, are for capital funding to provide additional capacity for bulk water and sewer services to meet the growth of the various towns. Grant funding is currently used and additional grant funding is being applied for, however an extended period is envisaged to fund all constraints to growth resulting from the water and waste water services. Human Resources also are a challenge and need to be addressed within the operational budget with provisions for additional staff.

Section 8 – Overview of budget related policies

The detailed policies themselves are not included in this section of the budget documentation.

See Annexure 6 to this document for the full policies.

Policies are also available at the Council offices in Clyde Street for viewing as well as on the Internet at www.knysna.gov.za. This section gives a **broad overview** of the budget policy framework and highlights the amended policies to be approved by Council resolution.

Name of Policy	Type	Date of Council adoption (if already done)	Purpose / Basic areas covered by Policy	Summary of changes	Responsible Manager
REVENUE RELATED					
Tariff	Unchanged	31 May 2012	Setting criteria for establishing service tariffs	n/a	Lorienne McCartney
Rates	Amended	31 May 2012	Setting criteria for establishing rates tariffs	Introduction of new rebate	Lorienne McCartney
Credit control	Amended	31 May 2012	Principles and guidelines to be followed with respect to arrear consumer debt control	Minor definitional	William Fillies
Indigent support & social rebate	Amended	31 May 2012	Guidelines and procedures for the subsidization of rates and basic services to indigent households	Minor definitional	William Fillies
BUDGET AND EXPENDITURE RELATED					
Liability, investment & cash management	amended	31 May 2012	Guideline of procedures to be followed when investing or lending money	Changes to staff operations	Lorienne McCartney
Budget	New	31 May 2012	Sets out rules and procedures to be followed in the compilation and management of the budget	n/a	Lorienne McCartney
Supply chain management	Amended	31 May 2012	Dictates procedures for the procurement of goods and services	Emphasis on local and HDI businesses	Marie Brand
Funding and reserves policy	Unchanged	31 May 2012	Sets standards and guidelines for financial viability	n/a	Lorienne McCartney

Section 9 – Overview of budget assumptions

Introduction

Knysna's financial system operates on the big wheel, little wheel principle, the same as virtually every other local authority outside the metros. What this means is that the middle to upper income groupings are billed for the vast majority of Council services. In the municipality the established areas take up 94% of debits raised as against 6% in the previously disadvantaged areas. In an economic downturn the effect of high tariffs and rates on the middle and low income groups is dramatic. This is clearly reflected in the number of new arrangements made by debtors from these groupings. As stated earlier Greater Knysna is a domestic based municipality with limited non-domestic resources. The non-domestic sector, of which 50% is tourist related, contributes 20% of total rates and tariff revenue which is simply not enough to be sustainable with all the demands currently being placed on our expenditure.

Budget Assumptions

Budgets are prepared in an environment of uncertainty. To prepare meaningful budgets, assumptions need to be made about internal and external factors that could influence the budget.

This budget is premised on a 94% payment level. This level is below those levels achieved on a regular basis over the last few years however with the introduction of the new valuation roll there is an inevitable payment level drop because of incidence shifts in the first instance, but also because often there is a delayed reaction to new values and rates in the rand which can cause a delay in the payment of the new amounts levied. It is therefore prudent to expect a drop in the payment level. The table below shows our payment levels at end January 2012.

Month / Year	Actual	Accrued	12 Month Total Actual	12 Month Total Accrued	Payment Level							12 Month Increase	
					Current Year	Previous Years							
						2010/ 2011	2009/ 2010	2008/ 2009	2007/ 2008	2006/ 2007	2005/ 2006	Cash	Accrued
Feb-11	(23,966,122)	12,630,362	(317,725,691.09)	329,369,748.27		96%	92%	92%	98%	99%	97%	14.5%	10.2%
Mar-11	(24,450,411)	14,800,848	(319,596,035.46)	329,499,780.90		97%	92%	92%	98%	99%	96%	13.6%	9.4%
Apr-11	(22,348,591)	15,639,286	(319,484,864.48)	329,558,567.76		97%	92%	93%	99%	100%	95%	12.3%	8.0%
May-11	(24,722,843)	14,236,904	(322,807,549.89)	331,969,218.19		97%	94%	93%	100%	99%	98%	11.9%	9.1%
Jun-11	(25,499,300)	20,624,468	(328,668,894.24)	341,226,094.39		96%	95%	94%	99%	98%	98%	12.4%	11.0%
Jul-11	(23,756,793)	185,669,045	(330,834,492.91)	351,118,042.30	94%	91%	90%	84%	95%	95%	96%	12.1%	8.7%
Aug-11	(37,081,005)	17,675,861	(336,942,850.51)	356,251,366.48	95%	93%	89%	83%	97%	97%	96%	11.2%	9.7%
Sep-11	(49,784,565)	16,794,356	(341,468,381.92)	359,139,348.90	95%	92%	93%	84%	98%	96%	98%	12.9%	10.1%
Oct-11	(32,696,750)	16,924,043	(343,349,859.39)	359,243,557.84	96%	92%	92%	87%	98%	99%	97%	12.6%	8.9%
Nov-11	(27,379,392)	9,110,921	(339,982,263.18)	351,157,256.34	97%	92%	92%	89%	99%	97%	98%	9.8%	5.1%
Dec-11	(27,046,058)	19,720,640	(343,656,928.75)	361,598,648.52	95%	94%	93%	90%	100%	96%	98%	9.7%	8.2%
Jan-12	(28,579,315)	21,906,580	(347,311,146.11)	365,733,312.86	95%	96%	91%	92%	98%	98%	98%	9.1%	10.2%

External factors (population migration, employment, etc)

Over recent years Knysna has experienced rapid population growth particularly at the poorer end of the economic scale. It is fair to say that Knysna is becoming a victim of the success of its low income housing programme. The population growth must be seen against the backdrop of

very limited developable land, a sensitive environment and the lack of new jobs being created in the local economy. This presents a huge challenge to Council to improve the efficiency of its urban systems. The unique and sensitive environment of Greater Knysna is under pressure and Council has to manage the growth demands of the economy very rigidly to ensure environmental sustainability.

There remains a paucity of up to-date economic data available for the municipal area. At best all we can surmise at present is that the population is growing faster than the previous indicators of 4% per annum with concomitant service delivery and unemployment demands.

Growth or decline in tax base of the municipality

The buoyancy of the tax base is the main determinant of the affordability of new infrastructure development. Long term financial modelling shows a financial shortfall of over R1 billion in the resources required for infrastructure development over the next 15 years.

The following assumptions about future growth in the tax base are included in the MTREF:

	2012/13	**2013/14**	**2014/15**
Growth in tax base- Rates *(* implementation of GV)*	* 4.5%	1%	1%
User Charges (%)	0%	1.0%	1.5%

General inflation outlook and its impact on the municipal activities

The revised headline CPI forecasts from National Treasury for 2012/13, 2013/14 and 2014/15 are 5.4%, 5.6% and 5.4% respectively. The growth parameters apply to tariff increases for property rates, user and other charges raised by municipalities and municipal entities, to ensure that all spheres of government support the national macroeconomic policies. National Treasury have announced that local increases must be in line with the CPI forecasts and that a salary increase of only 5% should be budgeted for. As anyone remotely involved in local government will realise this means that 7% will be the likely minimum increase. NT has also communicated that any rate or tariff increase above 6% must be fully communicated to the community.

Rates, tariffs, charges and timing of revenue collection

The rates, tariffs and charges for the 2012/13 budget are included in Annexure 3.

The following table shows the assumed average domestic percentage increases built into the MTREF for rates, tariffs and charges:

	2012/13	2013/14	2014/15
Rates	0%	5%	5%
Annual fixed charges – refuse	3%	4%	5%
Water & Sewer- fixed and consumption	6%	6%	6%
Electricity – monthly consumption tariff * *Average proposed increase—not confirmed by NT*	*11%	*13%	*15%

Collection rates for each revenue source and customer type

The Municipality has in place a fair but rigorous credit control policy and has a good record of debt recovery. Furthermore, its policy on indigent support and social rebates means that many households who would normally struggle to pay their accounts receive free or subsidised basic services thereby keeping them free of the burden of municipal debt.

Nevertheless, there will always be an element of the total amount billed that will remain uncollected. The Municipality is the same as any other business in this regard. Adequate provision has to be made in the budget for any bad debts based on assumptions on collection rates.

The following bad debt provisions and collection rates are assumed in the MTREF for rates and tariffs.

R '000	2012/13	2013/14	2014/15
Provision for bad and doubtful debts Table A4: Debt impairment	20 220	21 542	23 106
Assumed collection rate (%)	94.0%	94.0%	95.0%

Price movements on specific items

The following amounts are included in the MTREF for increases in the following items:

R '000	2012/13	2012/13	2013/14
Bulk Purchases Table A4: Bulk purchases	119 175	137 051	159 664

More detail relating to specific items can be found in Annexure 2, 'Supporting Table SA1: Supporting detail to 'Budgeted Financial Performance''.

Trends in demand for free or subsidised basic services

Knysna's criteria for supporting free or subsidised basic services are set out in the indigent support and social rebate policy. The Government allocates revenue via the Division of Revenue Act (DORA) in the form of the Equitable Share Grant with the primary aim of assisting municipalities with the costs of providing free or subsidised basic services. Any costs over and above the Equitable Share allocation are met by the Municipality.

Section 10 – Overview of budget funding

Funding the Budget

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17.

Achievement of this requirement in totality effectively means that a Council has 'balanced' its budget by ensuring that budgeted outflows will be offset by a combination of planned inflows. Refer to Section 4, 'Table A8: Cash backed reserves/accumulated surplus reconciliation' and Annexure 2, 'Supporting Table SA10: Funding measurement'.

Fiscal Overview of Knysna Municipality

Knysna Municipality has over recent years moved to a position of relative financial stability. There is a high level of compliance with the Municipal Finance Management Act and other legislation directly affecting financial management and National Treasury itself has commented that Knysna remains one of the few municipality's that reconciles when comparing budget returns with the audited financial statements.

For the fifth time in six years the municipality received an unqualified audit report from the Auditor-General and in the other year it was only very technical qualifications that caused the A-G issues. The switch over to GRAP has had huge ramifications not least amongst the professional staffing at the local government level. Knysna municipality cannot afford the salaries that are a prerequisite to GRAP. There is already a dearth of qualified accountants in South Africa and the complexities that are GRAP in local government are such that outside of the metropolitan areas it is highly unlikely that qualified accountants are going to come and work at the salaries we offer. Until it is acknowledged that there is actually a world that exists outside of the metropoles and a salary structure worked out accordingly, then we will continue to muddle through as best we can.

Long term financial planning

Knysna has a credit rating of Baa2 and a Baseline Credit Assessment of 12 which was given in 2009 and subsequently confirmed in March of this year. The assessment state, *"the BCA of 12 reflects a narrow but growing local economic base that is largely dependent upon tourism. The moderate growth of Knysna over the last few years, coupled with the migration of people to the area, has increased the service delivery challenges for the municipality. Financial management and budget planning is sound, but it has to managed within narrow financial parameters given the challenges and limited financial resources"*.

The planned increases in the Knysna debt burden to fund the necessary capital expenditure will in the next few years remain high and will increase the risk profile of the municipality and this must be managed conservatively and be linked to the forthcoming 2030 planning scenario.

Section 11 – Expenditure on allocations and grant programmes

Disclosure on expenditure on allocations and grant programmes is done by way of Annexure 2, "Supporting Table SA18: Transfers and grant receipts, Supporting Table SA19: Expenditure on transfers and grant programme and Supporting Table SA20: Reconciliation of transfers, grant receipts and unspent funds".

Expenditure for each grant for the MTREF period is summarised in the table below. Note that the expenditures include the VAT portion that is recognised as expenditure on grant allocations per MFMA Circulars 48 and 58 and where two amounts are shown the first is for operating expenditure (and VAT on operating and capital expenditures) and the second is for capital expenditure.

National and Provincial Conditional Grant Allocations 2012/13 to 2014/15					
Name of Grant	**Allocating Authority / Department**	**Budget 2012/13 R'000**	**Indicative 2013/14 R'000**	**Indicative 2014/15 R'000**	**Purpose of the Grant**
Integrated housing and human settlement development grant	Province/ Local Government and Housing	38 129 4 000	30 527 5 000	34 304 3 000	To finance the funding requirements of national housing programmes (excluding recurrent costs recoverable from assets falling under the pre-1994 stock). To facilitate the establishment and maintenance of integrated and sustainable human settlements to ensure economically viable and socially equitable communities in areas with ecological integrity.
Library Services	Province/ Cultural Affairs and Sport	592	0	0	To enable public libraries to render an improved service by addressing staffing shortages.
Community Development Worker	Province/ Local Government and Housing	81	84	84	To provide financial assistance to municipalities to cover the operating costs pertaining to the functions of the CDW's
Maintenance of Proclaimed Roads	Province/ Transport and Public Works	32			To provide routine maintenance and/or resealing on proclaimed roads (National Roads)
Local Government Financial Management Grant (FMG)	National / National Treasury	1 250	1 250	1 450	To promote and support reforms in financial management by building the capacity in municipalities to implement the Municipal Finance Management Act.

Name of Grant	Allocating Authority / Department	Budget 2012/13 R'000	Indicative 2013/14 R'000	Indicative 2014/15 R'000	Purpose of the Grant
Municipal Infrastructure Grant (MIG) *	National / Provincial and Local Government (National Vote 29)	7 551 16 629	5 216 20 291	4 278 22 704	To supplement capital finance for basic municipal infrastructure for poor households, micro enterprises and social institutions. The operating portion is utilised for the Project Management Unit.
Integrated National Electrification Programme (INEP)	National / Minerals and Energy (National Vote 28)	614 4 386	246 1 754	172 1 228	To implement the Programme by providing capital subsidies to municipalities to address the electrification backlog of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure in order to improve quality of supply.
Neighbourhood Development Partnership Grant	National/ National Treasury	 94	2 456 17 544	3 469 24 780	To improve the quality of life to residents in township areas
Equitable Share	National / Provincial and Local Government	30 859	33 272	36 95	

* NOTE: 5% of MIG is allowed for planning. The operating amount includes R4,1 million for feasibility studies on capital projects, R0,5 million for the running of the Project Management Unit and the balance is for the VAT portion on both operating (R0,6m) and capital projects (R2,3m) that will be recognised as own revenue per MFMA Circular 48.

Section 12 – Allocations and grants made by the Municipality

Allocations Made by the Municipality

Refer to Annexure 2, 'Supporting Table SA21: Transfers and grants made by the municipality'. The main allocation is to Knysna Tourism which is budgeted to receive R 4 000 000 in 2012/13.

Knysna Tourism is an independent Section 21 company tasked with marketing the municipality as a destination centre. For much of the last decade this marketing has been highly successful and Knysna has become a premier holiday centre for domestic and international visitors. The recent economic downturn hit the national and most specifically the Southern Cape tourist market very hard and ultimately the Knysna economy. The result is that Council has decided to review the contribution made to Knysna Tourism in light of the fact that is preparing an austerity budget and it is considered that all elements of the Knysna economy need to be critically re-examined at this time.

Section 13 – Councillor allowances and employee benefits

Refer to Annexure 2, 'Supporting Table SA22: Summary councillor and staff benefits' and 'Supporting Table SA23: Salaries, allowances & benefits (political office bearers/councillors/senior managers)' for further details.

The salary increase for 2012/13 for managers and staff is budgeted at 9.5% resulting in a total cost of R155.9 million. It represents increases of 8.8% on the original funded budget for 2011/12. The budgeted increase for the fixed remuneration component to permanent staff is 7%.

Section 14 – Monthly targets for revenue, expenditure and cash flow

Disclosure on monthly targets for revenue, expenditure and cash flow is made in Annexure 2 in the following Supporting Tables:

Monthly operating budget revenue and expenditure projections

'Supporting Table SA25: Budgeted monthly revenue and expenditure' reflects consolidated projections of revenue by source and expenditure by type for the budget year broken down per month for the budget year, and shown in total for the following two years.

'Supporting Table SA26: Budgeted monthly revenue and expenditure (municipal vote)' and 'Supporting Table SA27: Budgeted monthly revenue

and expenditure (standard classification)' reflects revenue and expenditure broken down per month for the budget year, and shown in total for the following two years.

Monthly capital budget revenue and expenditure projections

'Supporting Table SA28: Budgeted monthly capital expenditure (municipal vote)' and 'Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)' show capital expenditure broken down per month for the budget year, and shown in total for the following two years.

Monthly cash flow projections

'Supporting Table SA30: Budgeted monthly cash flow' sets out receipts by source and payments by type for both operating and capital, broken down per month for the budget year, and shown in total for the following two years.

Budgeted household accounts

'Supporting Table SA14: Household bills' compiles the data for the monthly budgeted account for household income analysis, per small and large household.

Property Rates information

'Supporting Table SA11: Property rates summary' contains the Property Rates summary with all statistic data.

'Supporting Tables SA12 and SA13: Property rates by category (current) and (budget year)' reflect the current and budgeted year's expected data for Property rates by category.

Section 15 – Annual budgets and service delivery and budget implementation plans – internal departments

Adoption of the Service Delivery and Budget Implementation Plan

In terms of section 53(1)(c)(ii) of the MFMA the Service Delivery and Budget Implementation Plan must be approved by the Mayor within 28 days after the final approval of the budget.

Contents of the SDBIP

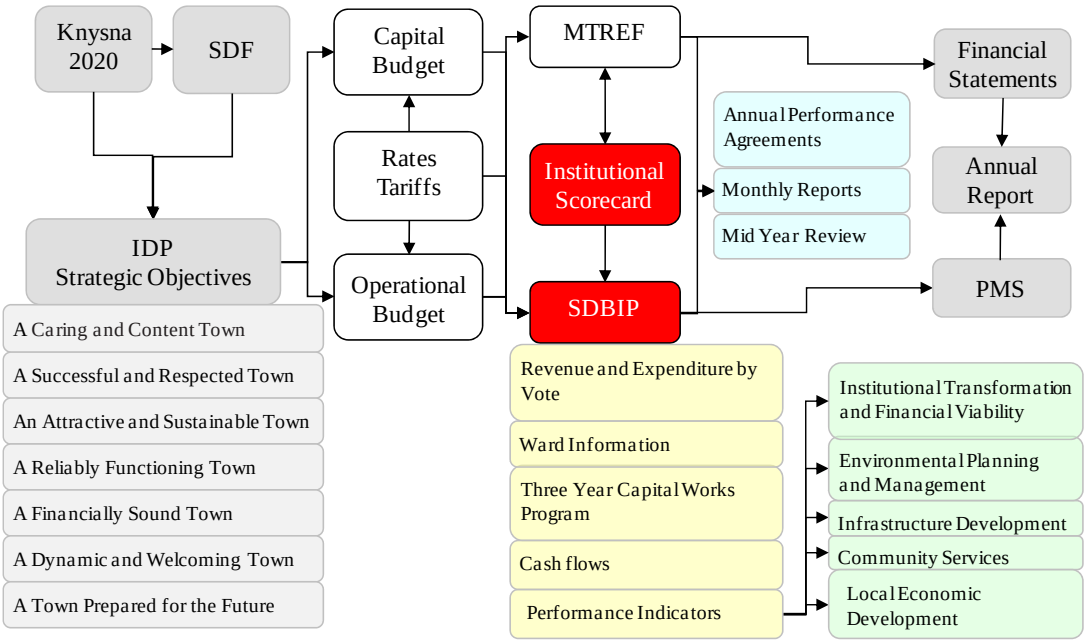
The SDBIP must contain monthly projections of income and expenditure and quarterly projections of measurable performance objectives.

Some annual targets are still to be confirmed. These will be included in the final budget documentation and SDBIP.

SDBIP requirements

The SDBIP is essentially a business plan and is an integral part of the financial planning process. Although its approval is required after the budget, its preparation occurs in tandem with the budget process. The SDBIP is the connection between the strategic plan, IDP, budget and management performance agreements, and includes detailed information on how the budget will be implemented, by means of forecast cash flows and service delivery targets and performance indicators. The schematic below sets out its importance in the municipal reporting cycle.

SDBIP Placement



National and Provincial Government refer to five national KPAs they regard as essential to Local Authorities meeting their responsibilities these are:

1. Institutional Transformation and Financial Viability
2. Environmental Planning and Management
3. Infrastructure Development
4. Community Services
5. Local Economic Development

In addition Local Government Turnaround Strategy (LGTAS) has identified six key thematic problem areas that need to be addressed in varying degrees by municipalities:

1. Service delivery
2. Spatial conditions
3. Governance
4. Financial Management
5. Local Economic Development
6. Labour Relations

Way forward

The existing and proposed performance indicators for 2012/2013 will be reviewed during the last quarter of the 2011/2012 SDBIP cycle and any amendments will be included in the SDBIP for the Mayor's approval.

Institutional Scorecard

The Institutional Scorecard is a synopsis of the planned SDBIP for the medium term 2012/2013 to 2014/2015. The scorecard has been aligned with the National KPA and the Municipal KPA (IDP strategic objectives). This will form the basis of the Directors performance agreement scorecards as well as the basis for departmental performance indicators.

Section 16 – Annual budgets and service delivery agreements – municipal entities and other external mechanisms

Refer to Annexure 2, 'Supporting Table SA32: List of external mechanisms'. Council currently has only one service delivery agreement of this nature in place at the present. This agreement is with Knysna Tourism to provide the tourism function. Details of the allocation are included in Section 12.

Section 17 – Contracts having future budgetary implications

'Supporting Table SA33: Contracts having future budgetary implications' in Annexure 2 discloses all contracts which will impose financial obligations on the municipality beyond the three years covered in the annual budget.

Since Knysna falls into the category of municipalities with approved total revenue greater than R250 million, all contracts with an annual cost greater than R1 million and for longer than three years must be disclosed.

Rental: Melville Development (Customer Centre):

Year	2010/11	2011/12	2012/13	2013/14	2014/15
R 000	1 451	1 545	1 645	1 752	1 866

*Contract commenced 2006/07

Section 18 – Capital expenditure details

Capital details are shown in Annexure 2:

- 'Supporting Table SA6: Reconciliation of IDP strategic objectives and budget (capital expenditure)'
- 'Supporting Table SA34a: Capital expenditure on new assets by asset class'
- 'Supporting Table SA34b: Capital expenditure on the renewal of existing assets by asset class'
- 'Supporting Table SA34c: Repairs and maintenance expenditure by asset class'
- 'Supporting Table SA36: Detailed capital budget'

The budget for 2012/13 is R44.9 million. The majority of the capital budget remains for bulk infrastructure (61.6%), new housing (13.8%) and community services (8.2%).

Projects delayed from previous years

A list of capital programmes or projects delayed from previous financial years is shown in Annexure 2, 'Supporting Table SA37: Projects delayed from previous financial year/s'.

Historical actual capital spend versus budget

The following table shows the trend of spending against budget for the capital programme since 2006/07:

R '000	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12 projected
Capital Budget (adjusted)	81 518	104 796	78 417	110 844	57 733	85 420
Actual Spending	73 001	71 746	66 092	99 593	54 213	76 878
%	90	68	84	88	94	90

The above table shows a number of points for noting.

1) The steady increase in the capital budget which directly reflects the growth of the town over the period to end 2008. Council capital expenditure generally works on a two year lag to the economy of the town;

2) The cutback in capital expenditure from 2008/09 as a response to the high gearing and because of the economic downturn which was just beginning. The figures for 2009/10 are slightly misleading for trend purposes because of the water issues;

3) The percentage spend to budget ratio which is generally acceptable at the 88-94% levels achieved in the last two years.

Section 19 – Legislation compliance status

The disclosure on legislation compliance must provide a brief summary of the status of the implementation of legislation applicable to municipalities, including progress made or delays experienced in implementation.

Municipal Finance Management Act - No 56 of 2003

The MFMA became effective on 1st July 2004. The Act modernises budget and financial management practices within the overall objective of maximising the capacity of municipalities to deliver services.

The MFMA covers all aspects of municipal finance including budgeting, supply chain management and financial reporting.

The various sections of the Act are phased in according to the designated financial management capacity of municipalities. Knysna has been designated as a medium capacity municipality.

The MFMA is the foundation of the municipal financial management reforms which municipalities are implementing. Knysna was designated as a pilot municipality for the reforms and is engaged in a partnership arrangement with National Treasury.

The MFMA and the budget

The following explains the budgeting process in terms of the requirements in the MFMA. It is based on National Treasury's guide to the MFMA.

<u>The budget preparation process</u>

The Mayor must lead the budget preparation process through a co-ordinated cycle of events that commences at least ten months prior to the start of each financial year.

<u>Overview</u>

The MFMA requires a Council to adopt three-year capital and operating budgets that take into account, and are linked to, the municipality's current and future development priorities and other finance-related policies (such as those relating to free basic service provision).

These budgets must clearly set out revenue by source and expenditure by vote over three years and must be accompanied by performance objectives for revenue and expenditure, a cash flow statement and any particulars on borrowings, investments, municipal entities, service delivery agreements, grant allocations and details of employment costs.

The budget may be funded only from reasonable estimates of revenue and cash-backed surplus funds from the previous year and borrowings (the latter for capital items only).

Budget preparation timetable

The budget preparation timetable is prepared by senior management and tabled by the Mayor for Council adoption by 31 August (ten months before the commencement of the next budget year).

Budget preparation and review of IDP and policy

The Mayor must co-ordinate the budget preparation process and the review of Council's IDP and budget-related policy, with the assistance of the municipal manager.

The Mayor must ensure that the IDP review forms an integral part of the budget process and that any changes to strategic priorities as contained in the IDP document have realistic projections of revenue and expenditure. In developing the budget, the management must take into account national and provincial budgets, the national fiscal and macro-economic policy and other relevant agreements or Acts of Parliament. The Mayor must consult with the relevant district Council and all other local municipalities in that district as well as the relevant provincial treasury and the National Treasury when preparing the budget, and must provide the National Treasury and other government departments with certain information on request.

This process of development should ideally occur between August and November, so that draft consolidated three-year budget proposals, IDP amendments and policies can be made available during December and January. This allows time during January, February and March for preliminary consultation and discussion on the draft budget.

Tabling of the draft budget

The initial draft budget must be tabled by the Mayor before Council for review by 31 March.

Publication of the draft budget

Once tabled at Council, the Municipal Manager must make public the appropriate budget documentation and submit it to National Treasury and the relevant provincial treasury and any other government departments as

required. At this time, the local community must be invited to submit representations on what is contained in the budget.

Opportunity to comment on draft budget

When the draft budget is tabled, Council must consider the views of the local community, the National Treasury and the relevant provincial treasury and other municipalities and government departments that may have made submissions on the budget.

Opportunity for revisions to draft budget

After considering all views and submissions, Council must provide an opportunity for the Mayor to respond to the submissions received and if necessary to revise the budget and table amendments for Council's consideration.

Following the tabling of the draft budget at the end of March, the months of April and May should be used to accommodate public and government comment and to make any revisions that may be necessary. This may take the form of public hearings, Council debates, formal or informal delegations to the National Treasury, provincial treasury and other municipalities, or any other consultative forums designed to address stakeholder priorities.

Adoption of the annual budget

The Council must consider the approval of the budget by 1 June and must formally adopt the budget by 30 June. This provides a 30-day window for Council to revise the budget several times before its final approval.

If a Council fails to approve its budget at its first meeting, it must reconsider it, or an amended draft, again within seven days and it must continue to do so until it is finally approved – before1 July.

Once approved, the Municipal Manager must place the budget on the municipality's website within five days.

Budget Implementation

Implementation management – the Service Delivery and Budget Implementation Plan (SDBIP)

The Municipal Manager must within fourteen days of the approval of the annual budget (by 14 July at the latest) submit to the Mayor for approval a draft SDBIP and draft annual performance agreements for all pertinent senior staff.

An SDBIP is a detailed plan for implementing the delivery of municipal services contemplated in the annual budget and should indicate monthly revenue and expenditure projections and quarterly service delivery targets and performance indicators.

The Mayor must approve the draft SDBIP within 28 days of the approval of the annual budget (by 28 July at the latest).

This plan must then be monitored by the Mayor and reported on to Council on a regular basis.

Managing the implementation process

The municipal manager is responsible for implementation of the budget and must take steps to ensure that all spending is in accordance with the budget and that revenue and expenditure are properly monitored.

Variation from budget estimates

Generally, Councils may incur expenditure only if it is in terms of the budget, within the limits of the amounts appropriated against each budget vote – and in the case of capital expenditure, only if Council has approved the project.

Expenditure incurred outside of these parameters may be considered to be unauthorised or, in some cases, irregular or fruitless and wasteful. Unauthorised expenditure must be reported and may result in criminal proceedings.

Revision of budget estimates – the adjustments budget

It may be necessary on occasion for a Council to consider a revision of its original budget, owing to material and significant changes in revenue collections, expenditure patterns, or forecasts thereof for the remainder of the financial year.

In such cases a municipality may adopt an adjustments budget, prepared by the municipal manager and submitted to the Mayor for consideration and tabling at Council for adoption.

The adjustments budget must contain certain prescribed information, it may not result in further increases in taxes and tariffs and it must contain appropriate justifications and supporting material when approved by Council.

Requirements of the MFMA relating to the contents of annual budgets and supporting documentation

Section 17 of the MFMA stipulates that an annual budget of a municipality must be a schedule in the prescribed format and sets out what must be included in that format. The various tables detailed in Section 4 and those additionally attached comply with the disclosure requirements.

Other Legislation

In addition to the MFMA, the following legislation also influences Municipality budgeting;

The Division of Revenue Act 2010 and Provincial Budget Announcements

Three year national allocations to local government are published per municipality each year in the Division of Revenue Act. The Act places duties on municipalities in addition to the requirements of the MFMA, specifically with regard to reporting obligations.

Allocations to the Municipality from Provincial Government are announced and published in the Provincial budget.

Section 18 of the MFMA states that annual budgets may only be funded from reasonably anticipated revenues to be collected. The provision in the budget for allocations from National and Provincial Government should reflect the allocations announced in the DORA or in the relevant Provincial Gazette.

The Municipal Systems Act - No 32 of 2000 and Municipal Systems Amendment Act no 44 of 2003

One of the key objectives of the Municipal Systems Act is to ensure financially and economically viable communities. The requirements of the Act link closely to those of the MFMA. In particular, the following requirements need to be taken into consideration in the budgeting process;

- Chapters 4 and 5 relating to community participation and the requirements for the Integrated Development Planning process.
- Chapter 6 relates to performance management which links with the requirements for the budget to contain measurable performance objectives and quarterly performance targets in the Service Delivery and Budget Implementation Plan.
- Chapter 8 relates to the requirement to produce a tariff policy.

Section 20 – Other supporting documents

Various supporting documents are attached to enable the reader a fuller understanding of the various processes involved. These are the following:

Annexure 1 – Main Budget Tables

Tables A1 to A10

Annexure 2 – Supporting Budget Tables

Supporting Tables SA1 to SA37

Annexure 3 – Tariffs, Charges and Fees for 2012/2013

The average increases for 2012/2013 are:

Service	Domestic	Non-domestic
Assessment rate in Rand	0%	15%
Refuse	3%	3%
Sanitation	6%	6%
Water	6%	6%
Electricity	*11% on average	*13% on average
** See tariff schedule for full detail*		

Annexure 4

Municipal Budget Circular for the 2012/13 MTREF - MFMA Circulars 58

Annexure 5

Municipal Budget Circular for the 2012/13 MTREF - MFMA Circulars 59

Annexure 6 - Policies

- Property rates
- Credit control
- Indigent & rebate
- Tariff
- Cash management
- Funding and reserves
- Supply chain management
- Budget

Annexure 7

Mayor's report on submissions received on the 2012/13 budget (only for final)

Annexure 8

Service Delivery and Budget Implementation Plan (only for final)

Section 21 – Municipal manager's quality certification

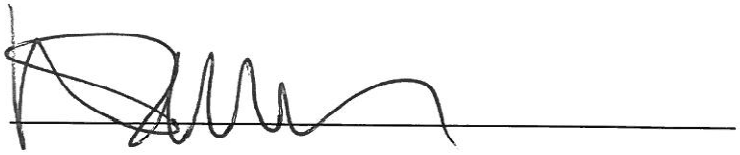
An annual budget and supporting documentation must be covered by a quality certificate in the format as per page 68 of the Government Gazette 32141 - 17 April 2009.

QUALITY CERTIFICATE

I, Lauren Waring, municipal manager of Knysna Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name LAUREN ADRIANNE WARING

Municipal Manager of Knysna Municipality (WC048)

Signature 

Date 26 March 2012

Knysna Municipality

DRAFT Medium Term Revenue & Expenditure Framework (MTREF)

Annexure 1

Main budget tables

2012/2013 - 2014/2015

WC048 Knysna - Table A1 Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Financial Performance										
Property rates	82 417	110 522	118 810	126 703	127 403	127 403	127 403	143 391	152 430	159 851
Service charges	156 315	175 581	202 018	238 664	225 680	225 680	225 680	247 930	273 140	304 336
Investment revenue	7 573	5 876	5 915	6 786	6 786	6 786	6 786	7 701	9 309	10 934
Transfers recognised - operational	49 697	61 732	62 943	70 210	93 471	93 471	93 471	81 223	73 951	81 102
Other own revenue	22 189	26 929	75 574	18 813	19 844	19 844	19 844	19 011	19 515	20 678
Total Revenue (excluding capital transfers and contributions)	318 191	380 640	465 259	461 176	473 184	473 184	473 184	499 256	528 345	576 901
Employee costs	100 602	114 453	125 016	143 362	139 341	139 341	139 341	155 961	165 267	173 511
Remuneration of councillors	4 009	4 302	4 588	5 899	5 779	5 779	5 779	6 078	6 382	6 701
Depreciation & asset impairment	29 131	87 695	18 676	33 817	22 053	22 053	22 053	21 910	21 671	20 937
Finance charges	17 243	16 572	17 204	20 363	16 043	16 043	16 043	16 309	14 462	12 597
Materials and bulk purchases	66 548	82 914	100 264	123 559	115 884	115 884	115 884	134 183	152 895	176 443
Transfers and grants	5 003	5 357	5 843	5 791	5 871	5 871	5 871	5 236	5 279	5 323
Other expenditure	104 671	156 152	133 038	138 828	162 263	162 263	162 263	159 461	156 246	167 503
Total Expenditure	327 208	467 446	404 629	471 618	467 234	467 234	467 234	499 137	522 201	563 014
Surplus/(Deficit)	(9 017)	(86 806)	60 630	(10 442)	5 950	5 950	5 950	119	6 144	13 887
Transfers recognised - capital	34 193	65 195	36 888	30 243	32 889	32 889	32 889	25 567	44 589	51 712
Contributions recognised - capital & contributed assets	–	–	823	–	477	477	477	–	–	–
Surplus/(Deficit) after capital transfers & contributions	25 176	(21 611)	98 341	19 801	39 316	39 316	39 316	25 686	50 733	65 599
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	25 176	(21 611)	98 341	19 801	39 316	39 316	39 316	25 686	50 733	65 599
Capital expenditure & funds sources										
Capital expenditure	66 078	99 783	54 213	63 011	85 420	85 420	85 420	44 890	61 015	73 024
Transfers recognised - capital	31 891	10 753	37 711	30 243	29 946	29 946	29 946	25 567	44 589	51 712
Public contributions & donations	–	–	–	–	477	477	477	–	–	–
Borrowing	32 223	78 499	9 892	16 645	29 945	29 945	29 945	8 860	3 500	3 917
Internally generated funds	1 964	10 531	6 610	16 123	25 052	25 052	25 052	10 463	12 926	17 395
Total sources of capital funds	66 078	99 783	54 213	63 011	85 420	85 420	85 420	44 890	61 015	73 024
Financial position										
Total current assets	118 345	101 894	126 702	82 164	100 980	100 980	100 980	104 711	118 866	134 535
Total non current assets	434 475	965 426	1 056 965	570 593	1 122 320	1 122 320	1 122 320	1 155 515	1 197 587	1 252 686
Total current liabilities	95 222	83 028	87 792	70 940	76 605	76 605	76 605	84 674	92 439	100 923
Total non current liabilities	208 699	209 988	223 231	219 679	230 346	230 346	230 346	233 517	231 247	227 932
Community wealth/Equity	248 899	774 304	872 644	362 139	916 349	916 349	916 349	942 035	992 767	1 058 366
Cash flows										
Net cash from (used) operating	51 934	68 664	89 442	80 484	62 522	62 522	62 522	62 460	88 248	103 044
Net cash from (used) investing	(64 687)	(101 304)	(54 322)	(70 907)	(78 871)	(78 871)	(78 871)	(54 922)	(63 598)	(75 841)
Net cash from (used) financing	31 429	3 999	5 411	(5 997)	(5 997)	(5 997)	(5 997)	(5 322)	(12 101)	(13 244)
Cash/cash equivalents at the year end	45 419	16 778	57 309	9 720	34 963	34 963	34 963	37 179	49 728	63 688
Cash backing/surplus reconciliation										
Cash and investments available	57 238	30 073	72 292	33 463	51 642	51 642	51 642	64 133	79 476	96 517
Application of cash and investments	29 774	922	43 804	(2 111)	(2 340)	(2 340)	(2 340)	59 277	76 155	93 684
Balance - surplus (shortfall)	27 464	29 151	28 488	35 574	53 982	53 982	53 982	4 857	3 321	2 833
Asset management										
Asset register summary (WDV)	422 308	949 482	1 039 117	547 025	1 102 483	1 102 483	1 125 463	1 125 463	1 164 807	1 216 894
Depreciation & asset impairment	29 131	87 695	18 676	33 817	22 053	22 053	21 910	21 910	21 671	20 937
Renewal of Existing Assets	22 124	57 157	21 845	41 902	57 501	57 501	57 501	25 501	13 409	16 377
Repairs and Maintenance	42 153	43 471	49 707	60 772	61 013	61 013	67 500	67 500	72 863	78 112
Free services										
Cost of Free Basic Services provided	10 115	13 764	18 058	19 702	18 745	17 888	21 673	21 673	25 525	30 277
Revenue cost of free services provided	30 400	31 739	33 666	38 042	37 658	37 658	37 817	37 817	39 139	41 645
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

WC048 Knysna - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard										
Governance and administration		101 561	136 039	196 226	151 329	155 884	155 884	164 497	195 502	214 051
Executive and council		5 358	10 635	61 997	5 705	5 830	5 830	5 986	6 398	7 030
Budget and treasury office		92 188	119 247	127 852	136 851	137 452	137 452	154 391	165 144	174 472
Corporate services		4 014	6 158	6 377	8 773	12 602	12 602	4 120	23 960	32 549
Community and public safety		46 630	46 096	44 459	52 700	71 342	71 342	52 692	49 420	56 724
Community and social services		953	1 381	1 275	3 863	3 863	3 863	3 922	6 725	10 988
Sport and recreation		708	1 545	873	943	1 143	1 143	966	1 034	1 111
Public safety		2 782	4 385	2 539	2 366	3 246	3 246	3 583	4 040	5 832
Housing		42 182	38 785	39 772	45 528	63 090	63 090	44 221	37 621	38 793
Health		3	–	–	–	–	–	–	–	–
Economic and environmental services		15 055	16 559	6 723	7 656	8 283	8 283	8 175	7 857	12 362
Planning and development		1 755	2 263	1 869	2 038	2 038	2 038	1 945	2 083	2 174
Road transport		13 300	14 296	4 764	5 618	6 095	6 095	6 230	5 774	10 188
Environmental protection		–	–	90	–	150	150	–	–	–
Trading services		189 139	247 142	255 563	279 734	271 041	271 041	299 459	320 155	345 476
Electricity		102 950	126 129	146 953	183 126	173 618	173 618	191 287	210 397	238 331
Water		47 992	91 562	68 900	48 447	49 319	49 319	57 649	68 792	64 986
Waste water management		19 121	12 719	21 278	27 649	27 592	27 592	28 988	18 415	18 177
Waste management		19 076	16 733	18 431	20 512	20 512	20 512	21 535	22 551	23 982
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Standard	2	352 384	445 835	502 970	491 419	506 550	506 550	524 823	572 934	628 613
Expenditure - Standard										
Governance and administration		47 521	171 285	59 952	71 937	68 206	68 206	81 958	86 659	90 848
Executive and council		20 615	127 212	33 905	30 777	29 987	29 987	31 433	32 749	34 060
Budget and treasury office		7 471	11 362	6 818	15 720	14 484	14 484	21 521	23 445	25 226
Corporate services		19 435	32 711	19 228	25 440	23 735	23 735	29 004	30 465	31 561
Community and public safety		81 216	92 595	95 657	107 451	122 850	122 850	107 306	103 870	111 381
Community and social services		7 996	9 018	10 479	12 101	11 382	11 382	12 726	12 820	13 493
Sport and recreation		11 077	10 301	12 694	14 561	13 856	13 856	15 850	16 737	17 606
Public safety		16 840	19 456	22 631	24 740	25 933	25 933	27 208	28 872	30 582
Housing		42 250	50 511	45 991	51 774	67 328	67 328	47 008	40 669	44 688
Health		3 052	3 310	3 862	4 276	4 351	4 351	4 514	4 773	5 012
Economic and environmental services		35 426	29 127	32 103	36 862	39 352	39 352	41 589	42 048	43 424
Planning and development		5 106	4 995	6 017	6 477	7 682	7 682	7 150	7 539	7 912
Road transport		30 320	23 539	25 172	29 059	30 181	30 181	32 571	32 545	33 455
Environmental protection		–	594	914	1 327	1 489	1 489	1 867	1 963	2 057
Trading services		164 707	182 576	216 918	255 369	236 826	236 826	268 285	289 624	317 361
Electricity		88 934	107 121	121 827	159 045	142 825	142 825	165 690	184 792	208 505
Water		36 066	36 505	45 902	46 112	44 671	44 671	49 416	51 868	54 633
Waste water management		20 196	21 475	23 164	28 537	28 312	28 312	31 874	30 625	30 848
Waste management		19 512	17 474	26 025	21 674	21 018	21 018	21 305	22 340	23 375
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Standard	3	328 870	475 583	404 629	471 618	467 234	467 234	499 137	522 201	563 014
Surplus/(Deficit) for the year		23 514	(29 748)	98 341	19 801	39 316	39 316	25 686	50 733	65 599

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes

2. Total Revenue by standard classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure,

3. Total Expenditure by Standard Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure,

4. All amounts must be classified under a standard classification (modified GFS). The GFS function 'Other' is only for Abbatoirs, Air Transport, Marke

WC048 Knysna - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard										
Municipal governance and administration		101 561	136 039	196 226	151 329	155 884	155 884	164 497	195 502	214 051
Executive and council		5 358	10 635	61 997	5 705	5 830	5 830	5 986	6 398	7 030
Mayor and Council		4 635	9 596	61 076	4 654	4 654	4 654	4 771	5 088	5 597
Municipal Manager		723	1 039	921	1 051	1 176	1 176	1 215	1 310	1 433
Budget and treasury office		92 188	119 247	127 852	136 851	137 452	137 452	154 391	165 144	174 472
Corporate services		4 014	6 158	6 377	8 773	12 602	12 602	4 120	23 960	32 549
Human Resources		785	815	155	72	504	504	400	300	300
Information Technology		8	5	83	7	7	7	4	7	8
Property Services		2 309	2 374	2 383	3 060	3 060	3 060	2 664	2 864	3 079
Other Admin		912	2 963	3 757	5 634	9 031	9 031	1 052	20 789	29 162
Community and public safety		46 630	46 096	44 459	52 700	71 342	71 342	52 692	49 420	56 724
Community and social services		953	1 381	1 275	3 863	3 863	3 863	3 922	6 725	10 988
Libraries and Archives		600	720	654	3 206	3 206	3 206	2 902	152	158
Museums & Art Galleries etc		5	6	7	9	9	9	10	10	10
Community halls and Facilities		110	437	420	452	452	452	811	6 349	10 590
Cemeteries & Crematoriums		238	219	195	196	196	196	199	214	230
Child Care		–	–	–	–	–	–	–	–	–
Aged Care		–	–	–	–	–	–	–	–	–
Other Community		–	–	–	–	–	–	–	–	–
Other Social		–	–	–	–	–	–	–	–	–
Sport & Recreation		708	1 545	873	943	1 143	1 143	966	1 034	1 111
Public safety		2 782	4 385	2 539	2 366	3 246	3 246	3 583	4 040	5 832
Police		2 505	2 063	2 387	2 296	3 176	3 176	3 493	3 841	4 223
Fire		73	141	152	70	70	70	90	99	109
Civil Defence		–	–	–	–	–	–	–	–	–
Street Lighting		203	2 180	–	–	–	–	–	100	1 500
Other		–	–	–	–	–	–	–	–	–
Housing		42 182	38 785	39 772	45 528	63 090	63 090	44 221	37 621	38 793
Health		3	–	–	–	–	–	–	–	–
Clinics		3	–	–	–	–	–	–	–	–
Ambulance		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Economic and environmental services		15 055	16 559	6 723	7 656	8 283	8 283	8 175	7 857	12 362
Planning and development		1 755	2 263	1 869	2 038	2 038	2 038	1 945	2 083	2 174
Economic Development/Planning		–	–	–	–	–	–	–	–	–
Town Planning/Building Enforcement		1 755	2 263	1 869	2 038	2 038	2 038	1 945	2 083	2 174
Licensing & Regulation		–	–	–	–	–	–	–	–	–
Road transport		13 300	14 296	4 764	5 618	6 095	6 095	6 230	5 774	10 188
Roads		10 222	11 225	1 332	2 132	2 609	2 609	2 740	2 132	6 368
Public Buses		–	–	–	–	–	–	–	–	–
Parking Garages		–	–	–	–	–	–	–	–	–
Vehicle Licensing and Testing		3 078	3 070	3 432	3 486	3 486	3 486	3 490	3 642	3 820
Other		–	–	–	–	–	–	–	–	–
Environmental protection		–	–	90	–	150	150	–	–	–
Pollution Control		–	–	–	–	–	–	–	–	–
Biodiversity & Landscape		–	–	–	–	–	–	–	–	–
Other		–	–	90	–	150	150	–	–	–
Trading services		189 139	247 142	255 563	279 734	271 041	271 041	299 459	320 155	345 476
Electricity		102 950	126 129	146 953	183 126	173 618	173 618	191 287	210 397	238 331
Electricity Distribution		102 950	126 129	146 953	183 126	173 618	173 618	191 287	210 397	238 331
Electricity Generation		–	–	–	–	–	–	–	–	–
Water		47 992	91 562	68 900	48 447	49 319	49 319	57 649	68 792	64 986
Water Distribution		40 288	46 945	52 649	46 046	46 918	46 918	51 079	61 092	61 272
Water Storage		7 704	44 617	16 252	2 401	2 401	2 401	6 570	7 700	3 714
Waste water management		19 121	12 719	21 278	27 649	27 592	27 592	28 988	18 415	18 177
Sewerage		18 993	12 713	21 278	27 649	27 592	27 592	28 988	18 415	18 177
Storm Water Management		125	–	–	–	–	–	–	–	–
Public Toilets		2	6	–	–	–	–	–	–	–
Waste management		19 076	16 733	18 431	20 512	20 512	20 512	21 535	22 551	23 982
Solid Waste		19 076	16 733	18 431	20 512	20 512	20 512	21 535	22 551	23 982
Other		–	–	–	–	–	–	–	–	–
Air Transport		–	–	–	–	–	–	–	–	–
Abattoirs		–	–	–	–	–	–	–	–	–
Tourism		–	–	–	–	–	–	–	–	–
Forestry		–	–	–	–	–	–	–	–	–
Markets		–	–	–	–	–	–	–	–	–
Total Revenue - Standard	2	352 384	445 835	502 970	491 419	506 550	506 550	524 823	572 934	628 613

WC048 Knysna - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Expenditure - Standard										
Municipal governance and administration		47 521	171 285	59 952	71 937	68 206	68 206	81 958	86 659	90 848
Executive and council		20 615	127 212	33 905	30 777	29 987	29 987	31 433	32 749	34 060
Mayor and Council		19 862	125 244	31 242	26 769	27 147	27 147	26 168	27 192	28 207
Municipal Manager		753	1 968	2 664	4 008	2 840	2 840	5 264	5 558	5 853
Budget and treasury office		7 471	11 362	6 818	15 720	14 484	14 484	21 521	23 445	25 226
Corporate services		19 435	32 711	19 228	25 440	23 735	23 735	29 004	30 465	31 561
Human Resources		239	1 491	599	572	1 451	1 451	696	730	767
Information Technology		(22)	(421)	(1 462)	271	161	161	266	278	292
Property Services		4 612	4 628	5 493	6 562	6 644	6 644	7 748	8 201	8 651
Other Admin		14 607	27 012	14 598	18 035	15 480	15 480	20 294	21 255	21 852
Community and public safety		81 216	92 595	95 657	107 451	122 850	122 850	107 306	103 870	111 381
Community and social services		7 996	9 018	10 479	12 101	11 382	11 382	12 726	12 820	13 493
Libraries and Archives		5 406	5 768	6 836	7 955	7 228	7 228	8 323	8 174	8 577
Museums & Art Galleries etc		455	523	664	715	723	723	698	712	749
Community halls and Facilities		1 113	1 418	1 573	1 790	1 785	1 785	1 958	2 092	2 236
Cemeteries & Crematoriums		1 022	1 309	1 407	1 641	1 647	1 647	1 747	1 842	1 931
Child Care		–	–	–	–	–	–	–	–	–
Aged Care		–	–	–	–	–	–	–	–	–
Other Community		–	–	–	–	–	–	–	–	–
Other Social		–	–	–	–	–	–	–	–	–
Sport & Recreation		11 077	10 301	12 694	14 561	13 856	13 856	15 850	16 737	17 606
Public safety		16 840	19 456	22 631	24 740	25 933	25 933	27 208	28 872	30 582
Police		8 452	8 791	10 874	11 386	12 779	12 779	12 310	12 934	13 516
Fire		6 291	7 811	8 788	9 964	9 861	9 861	10 358	10 895	11 393
Civil Defence		–	–	–	–	–	–	–	–	–
Street Lighting		2 097	2 853	2 969	3 390	3 293	3 293	4 540	5 043	5 673
Other		–	–	–	–	–	–	–	–	–
Housing		42 250	50 511	45 991	51 774	67 328	67 328	47 008	40 669	44 688
Health		3 052	3 310	3 862	4 276	4 351	4 351	4 514	4 773	5 012
Clinics		3	–	–	–	–	–	–	–	–
Ambulance		–	–	–	–	–	–	–	–	–
Other		3 049	3 310	3 862	4 276	4 351	4 351	4 514	4 773	5 012
Economic and environmental services		35 426	29 127	32 103	36 862	39 352	39 352	41 589	42 048	43 424
Planning and development		5 106	4 995	6 017	6 477	7 682	7 682	7 150	7 539	7 912
Economic Development/Planning		–	–	–	–	1 870	1 870	934	976	1 024
Town Planning/Building Enforcement		5 106	4 995	6 017	6 477	5 812	5 812	6 216	6 563	6 888
Licensing & Regulation		–	–	–	–	–	–	–	–	–
Road transport		30 320	23 539	25 172	29 059	30 181	30 181	32 571	32 545	33 455
Roads		28 322	21 332	22 769	26 147	27 291	27 291	29 635	29 444	30 197
Public Buses		–	–	–	–	–	–	–	–	–
Parking Garages		–	–	–	–	–	–	–	–	–
Vehicle Licensing and Testing		1 997	2 207	2 403	2 912	2 890	2 890	2 936	3 102	3 258
Other		–	–	–	–	–	–	–	–	–
Environmental protection		–	594	914	1 327	1 489	1 489	1 867	1 963	2 057
Pollution Control		–	–	–	–	–	–	–	–	–
Biodiversity & Landscape		–	–	–	–	–	–	–	–	–
Other		–	594	914	1 327	1 489	1 489	1 867	1 963	2 057
Trading services		164 707	182 576	216 918	255 369	236 826	236 826	268 285	289 624	317 361
Electricity		88 934	107 121	121 827	159 045	142 825	142 825	165 690	184 792	208 505
Electricity Distribution		88 934	107 121	121 827	159 045	142 825	142 825	165 690	184 792	208 505
Electricity Generation		–	–	–	–	–	–	–	–	–
Water		36 066	36 505	45 902	46 112	44 671	44 671	49 416	51 868	54 633
Water Distribution		19 312	19 584	23 083	23 807	21 523	21 523	25 367	26 755	28 282
Water Storage		16 754	16 921	22 819	22 305	23 148	23 148	24 049	25 113	26 351
Waste water management		20 196	21 475	23 164	28 537	28 312	28 312	31 874	30 625	30 848
Sewerage		16 528	17 543	18 859	23 913	24 161	24 161	26 949	25 596	25 731
Storm Water Management		2 637	2 784	2 892	2 813	2 417	2 417	3 510	3 545	3 569
Public Toilets		1 032	1 148	1 413	1 812	1 735	1 735	1 415	1 483	1 548
Waste management		19 512	17 474	26 025	21 674	21 018	21 018	21 305	22 340	23 375
Solid Waste		19 512	17 474	26 025	21 674	21 018	21 018	21 305	22 340	23 375
Other		–	–	–	–	–	–	–	–	–
Air Transport		–	–	–	–	–	–	–	–	–
Abattoirs		–	–	–	–	–	–	–	–	–
Tourism		–	–	–	–	–	–	–	–	–
Forestry		–	–	–	–	–	–	–	–	–
Markets		–	–	–	–	–	–	–	–	–
Total Expenditure - Standard	3	328 870	475 583	404 629	471 618	467 234	467 234	499 137	522 201	563 014
Surplus/(Deficit) for the year		23 514	(29 748)	98 341	19 801	39 316	39 316	25 686	50 733	65 599

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist national and international accounts and comparison

2. Total Revenue by Standard Classification must reconcile to total operating revenue shown in Financial Performance (revenue and expenditure)

3. Total Expenditure by Standard Classification must reconcile to total operating expenditure shown in Financial Performance (revenue and expenditure)

4. All amounts must be classified under a Standard (modified GFS) classification. The GFS function 'Other' is only for Abbatoirs, Air Transport, Markets and Tourism - and if used must be supported by footnotes. Nothing else ma

WC048 Knysna - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote	1									
Vote 1 - Executive & Council		5 358	10 635	61 997	5 705	5 830	5 830	5 986	6 398	7 030
Vote 2 - Corporate Services		3 103	3 277	2 664	3 186	3 644	3 644	3 147	3 250	3 465
Vote 3 - Financial Services		92 224	119 275	128 001	136 881	137 482	137 482	154 418	165 176	174 507
Vote 4 - Strategic Services		398	1 643	154	–	–	–	–	–	–
Vote 5 - Planning & Development		43 937	41 068	44 042	52 566	72 998	72 998	46 260	59 704	69 216
Vote 6 - Community Services		27 124	26 090	27 827	31 964	33 695	33 695	34 104	38 535	44 913
Vote 7 - Electrical Services		103 153	128 368	147 030	183 126	173 618	173 618	191 287	210 497	239 831
Vote 8 - Technical Services		77 087	115 480	91 256	77 991	79 283	79 283	89 621	89 374	89 651
Total Revenue by Vote	2	352 384	445 835	502 970	491 419	506 550	506 550	524 823	572 934	628 613
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Executive & Council		20 615	127 212	33 905	30 777	29 987	29 987	31 433	32 749	34 060
Vote 2 - Corporate Services		8 308	9 855	9 600	12 084	13 518	13 518	14 707	15 370	15 663
Vote 3 - Financial Services		7 081	10 847	5 316	16 017	14 577	14 577	22 032	23 980	25 789
Vote 4 - Strategic Services		6 402	15 587	3 461	–	–	–	–	–	–
Vote 5 - Planning & Development		48 571	58 205	56 530	65 422	80 797	80 797	61 850	56 310	61 108
Vote 6 - Community Services		60 149	62 334	78 671	81 199	80 232	80 232	84 159	87 967	92 221
Vote 7 - Electrical Services		90 761	109 980	124 882	162 434	146 071	146 071	170 492	190 111	214 469
Vote 8 - Technical Services		86 983	81 563	92 265	103 686	102 052	102 052	114 464	115 715	119 705
Total Expenditure by Vote	2	328 870	475 583	404 629	471 618	467 234	467 234	499 137	522 201	563 014
Surplus/(Deficit) for the year	2	23 514	(29 748)	98 341	19 801	39 316	39 316	25 686	50 733	65 599

References

1. Insert 'Vote'; e.g. department, if different to standard classification structure

2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)

3. Assign share in 'associate' to relevant Vote

WC048 Knysna - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote	1									
Vote 1 - Executive & Council		5 358	10 635	61 997	5 705	5 830	5 830	5 986	6 398	7 030
1.1 - Council General		4 635	9 596	61 076	4 654	4 654	4 654	4 771	5 088	5 597
1.2 - Municipal Manager		723	1 039	921	1 051	1 176	1 176	1 215	1 310	1 433
Vote 2 - Corporate Services		3 103	3 277	2 664	3 186	3 644	3 644	3 147	3 250	3 465
2.1 - Director		–	20	–	–	–	–	–	–	–
2.2 - Corporate Administration		3 103	3 257	2 664	3 186	3 644	3 644	3 147	3 250	3 465
Vote 3 - Financial Services		92 224	119 275	128 001	136 881	137 482	137 482	154 418	165 176	174 507
3.1 - Director		325	550	821	790	722	722	800	900	950
3.2 - Assessment Rates		82 419	110 522	118 755	126 703	127 403	127 403	143 391	152 430	159 851
3.3 - Budget & Treasury		9 480	8 202	8 425	9 388	9 357	9 357	10 227	11 846	13 706
Vote 4 - Strategic Services		398	1 643	154	–	–	–	–	–	–
4.1 - Strategic Services		398	1 643	154	–	–	–	–	–	–
Vote 5 - Planning & Development		43 937	41 068	44 042	52 566	72 998	72 998	46 260	59 704	69 216
5.1 - Director		–	20	2 311	5 000	7 720	7 720	94	20 000	28 249
5.2 - Housing		42 182	38 785	39 772	45 528	63 090	63 090	44 221	37 621	38 793
5.3 - Town Planning		1 755	2 263	1 959	2 038	2 188	2 188	1 945	2 083	2 174
Vote 6 - Community Services		27 124	26 090	27 827	31 964	33 695	33 695	34 104	38 535	44 913
6.1 - Director		113	972	924	452	1 103	1 103	811	6 349	10 590
6.2 - Library, Arts, Culture & Heritage		605	726	660	3 215	3 215	3 215	2 912	162	168
6.3 - Parks & Recreation		708	1 545	873	943	1 143	1 143	966	1 034	1 111
6.4 - Protection Services		5 657	5 275	5 971	5 852	6 732	6 732	7 073	7 582	8 152
6.5 - Waste Management		20 040	17 573	19 399	21 502	21 502	21 502	22 342	23 408	24 892
Vote 7 - Electrical Services		103 153	128 368	147 030	183 126	173 618	173 618	191 287	210 497	239 831
7.1 - Electricity		103 153	128 309	146 953	183 126	173 618	173 618	191 287	210 497	239 831
7.2 - Workshop		–	59	76	–	–	–	–	–	–
Vote 8 - Technical Services		77 087	115 480	91 256	77 991	79 283	79 283	89 621	89 374	89 651
8.1 - Director		478	570	519	557	557	557	852	678	800
8.2 - Public Works		10 347	11 251	1 332	2 132	2 609	2 609	2 740	2 132	6 368
8.3 - Water & Sewer		66 262	103 659	89 405	75 302	76 117	76 117	86 029	86 564	82 483
Total Revenue by Vote	2	352 384	445 835	502 970	491 419	506 550	506 550	524 823	572 934	628 613

WC048 Knysna - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Expenditure by Vote	1									
Vote 1 - Executive & Council		20 615	127 212	33 905	30 777	29 987	29 987	31 433	32 749	34 060
1.1 - Council General		19 862	125 244	31 242	26 769	27 147	27 147	26 168	27 192	28 207
1.2 - Municipal Manager		753	1 968	2 664	4 008	2 840	2 840	5 264	5 558	5 853
Vote 2 - Corporate Services		8 308	9 855	9 600	12 084	13 518	13 518	14 707	15 370	15 663
2.1 - Director		2 217	2 193	2 818	3 058	3 093	3 093	2 793	2 798	2 450
2.2 - Corporate Administration		6 091	7 662	6 782	9 025	10 425	10 425	11 914	12 571	13 213
Vote 3 - Financial Services		7 081	10 847	5 316	16 017	14 577	14 577	22 032	23 980	25 789
3.1 - Director		4 330	5 514	4 708	6 090	5 556	5 556	6 429	6 786	7 092
3.2 - Assessment Rates		(14 158)	(13 291)	(16 903)	(16 644)	(16 644)	(16 644)	(12 772)	(12 728)	(12 901)
3.3 - Budget & Treasury		16 910	18 624	17 511	26 570	25 665	25 665	28 374	29 922	31 597
Vote 4 - Strategic Services		6 402	15 587	3 461	–	–	–	–	–	–
4.1 - Strategic Services		6 402	15 587	3 461	–	–	–	–	–	–
Vote 5 - Planning & Development		48 571	58 205	56 530	65 422	80 797	80 797	61 850	56 310	61 108
5.1 - Director		1 215	2 105	3 608	5 845	6 168	6 168	6 758	7 115	7 476
5.2 - Housing		42 250	50 511	45 991	51 774	67 328	67 328	47 008	40 669	44 688
5.3 - Town Planning		5 106	5 589	6 931	7 803	7 302	7 302	8 084	8 527	8 945
Vote 6 - Community Services		60 149	62 334	78 671	81 199	80 232	80 232	84 159	87 967	92 221
6.1 - Director		556	1 865	1 595	1 943	1 692	1 692	2 341	2 493	2 656
6.2 - Library, Arts, Culture & Heritage		5 861	6 291	7 500	8 670	7 951	7 951	9 021	8 886	9 326
6.3 - Parks & Recreation		11 077	10 301	12 694	14 561	13 856	13 856	15 850	16 737	17 606
6.4 - Protection Services		16 740	18 809	22 065	24 261	25 530	25 530	25 604	26 931	28 166
6.5 - Waste Management		25 915	25 068	34 817	31 765	31 203	31 203	31 345	32 921	34 466
Vote 7 - Electrical Services		90 761	109 980	124 882	162 434	146 071	146 071	170 492	190 111	214 469
7.1 - Electricity		91 031	109 975	124 796	162 436	146 118	146 118	170 230	189 835	214 178
7.2 - Workshop		(270)	6	85	(2)	(47)	(47)	263	276	290
Vote 8 - Technical Services		86 983	81 563	92 265	103 686	102 052	102 052	114 464	115 715	119 705
8.1 - Director		530	710	(996)	613	23	23	986	1 036	1 093
8.2 - Public Works		35 158	28 632	30 610	35 411	35 650	35 650	39 476	39 698	40 848
8.3 - Water & Sewer		51 294	52 221	62 651	67 663	66 378	66 378	74 001	74 981	77 764
Total Expenditure by Vote	2	328 870	475 583	404 629	471 618	467 234	467 234	499 137	522 201	563 014
Surplus/(Deficit) for the year	2	23 514	(29 748)	98 341	19 801	39 316	39 316	25 686	50 733	65 599

References

1. Insert 'Vote'; e.g. Department, if different to standard structure

2. Must reconcile to Financial Performance ('Revenue and Expenditure by Standard Classification' and 'Revenue and Expenditure')

3. Assign share in 'associate' to relevant Vote

WC048 Knysna - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source											
Property rates	2	80 793	108 597	116 791	124 931	125 631	125 631	125 631	140 834	149 745	157 032
Property rates - penalties & collection charges		1 625	1 926	2 019	1 772	1 772	1 772	1 772	2 557	2 685	2 819
Service charges - electricity revenue	2	93 588	117 077	138 946	173 915	160 059	160 059	160 059	178 007	199 403	226 421
Service charges - water revenue	2	31 915	35 479	37 925	39 278	40 150	40 150	40 150	43 113	45 592	48 217
Service charges - sanitation revenue	2	13 494	8 460	9 121	9 523	9 523	9 523	9 523	10 001	10 573	11 182
Service charges - refuse revenue	2	14 400	11 433	12 715	13 506	13 506	13 506	13 506	13 590	14 112	14 798
Service charges - other		2 919	3 132	3 310	2 442	2 442	2 442	2 442	3 219	3 460	3 718
Rental of facilities and equipment		3 551	3 972	4 069	4 853	4 853	4 853	4 853	4 598	4 919	5 268
Interest earned - external investments		7 573	5 876	5 915	6 786	6 786	6 786	6 786	7 701	9 309	10 934
Interest earned - outstanding debtors		4 173	3 777	3 873	3 683	3 683	3 683	3 683	4 034	3 712	3 813
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		2 513	2 125	2 338	2 282	3 162	3 162	3 162	3 506	3 845	4 162
Licences and permits		1 386	1 379	1 719	1 787	1 787	1 787	1 787	1 798	1 941	2 110
Agency services		1 692	1 689	1 716	1 698	1 698	1 698	1 698	1 691	1 700	1 709
Transfers recognised - operational		49 697	61 732	62 943	70 210	93 471	93 471	93 471	81 223	73 951	81 102
Other revenue	2	6 333	13 744	60 317	4 344	4 495	4 495	4 495	3 198	3 248	3 416
Gains on Disposal of Assets		2 540	243	1 541	166	166	166	166	186	150	200
Total Revenue (excluding capital transfers and contributions)		318 191	380 640	465 259	461 176	473 184	473 184	473 184	499 256	528 345	576 901
Expenditure By Type											
Employee related costs	2	100 602	114 453	125 016	143 362	139 341	139 341	139 341	155 961	165 267	173 511
Remuneration of councillors		4 009	4 302	4 588	5 899	5 779	5 779	5 779	6 078	6 382	6 701
Debt impairment	3	6 205	12 107	17 259	13 053	13 430	13 430	13 430	20 220	21 542	23 106
Depreciation & asset impairment	2	29 131	87 695	18 676	33 817	22 053	22 053	22 053	21 910	21 671	20 937
Finance charges		17 243	16 572	17 204	20 363	16 043	16 043	16 043	16 309	14 462	12 597
Bulk purchases	2	53 798	69 092	85 586	109 455	101 055	101 055	101 055	119 175	137 051	159 664
Other materials	8	12 750	13 823	14 679	14 104	14 829	14 829	14 829	15 008	15 844	16 779
Contracted services		12 262	12 220	12 806	12 726	13 142	13 142	13 142	15 010	15 806	16 660
Transfers and grants		5 003	5 357	5 843	5 791	5 871	5 871	5 871	5 236	5 279	5 323
Other expenditure	4, 5	86 204	131 784	102 435	113 049	135 691	135 691	135 691	124 231	118 898	127 737
Loss on disposal of PPE		–	41	538	–	–	–	–	–	–	–
Total Expenditure		327 208	467 446	404 629	471 618	467 234	467 234	467 234	499 137	522 201	563 014
Surplus/(Deficit)		(9 017)	(86 806)	60 630	(10 442)	5 950	5 950	5 950	119	6 144	13 887
Transfers recognised - capital		34 193	65 195	36 888	30 243	32 889	32 889	32 889	25 567	44 589	51 712
Contributions recognised - capital	6	–	–	823	–	477	477	477	–	–	–
Contributed assets		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		25 176	(21 611)	98 341	19 801	39 316	39 316	39 316	25 686	50 733	65 599
Taxation		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		25 176	(21 611)	98 341	19 801	39 316	39 316	39 316	25 686	50 733	65 599
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		25 176	(21 611)	98 341	19 801	39 316	39 316	39 316	25 686	50 733	65 599
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		25 176	(21 611)	98 341	19 801	39 316	39 316	39 316	25 686	50 733	65 599

References

1. Classifications are revenue sources and expenditure type

2. Detail to be provided in Table SA1

3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment

4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs

5. Repairs & maintenance detailed in Table A9 and Table SA34c

6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)

7. Equity method

WC048 Knysna - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - Executive & Council		–	–	–	500	500	500	500	1 000	2 500	3 500
Vote 2 - Corporate Services		–	–	–	–	–	–	–	–	–	–
Vote 3 - Financial Services		–	–	–	4 000	4 072	4 072	4 072	3 000	1 000	–
Vote 4 - Strategic Services		–	–	–	–	–	–	–	–	–	–
Vote 5 - Planning & Development		19 530	–	4 015	11 404	10 720	10 720	10 720	4 094	22 544	27 780
Vote 6 - Community Services		–	–	–	–	–	–	–	–	–	–
Vote 7 - Electrical Services		–	–	1 098	8 245	9 343	9 343	9 343	–	–	–
Vote 8 - Technical Services		617	4 772	16 995	16 643	25 027	25 027	25 027	11 808	15 940	10 550
Capital multi-year expenditure sub-total	7	20 148	4 772	22 108	40 792	49 662	49 662	49 662	19 902	41 984	41 830
Single-year expenditure *to be appropriated*	2										
Vote 1 - Executive & Council		52	1 503	354	2 909	2 095	2 095	2 095	2 055	2 066	2 075
Vote 2 - Corporate Services		35	–	202	264	255	255	255	24	26	28
Vote 3 - Financial Services		407	7	3 233	1 068	1 918	1 918	1 918	615	637	660
Vote 4 - Strategic Services		2 019	4 698	–	–	–	–	–	–	–	–
Vote 5 - Planning & Development		667	–	3 164	2 041	3 632	3 632	3 632	2 232	2 462	1 595
Vote 6 - Community Services		8 952	–	587	4 505	5 646	5 646	5 646	5 494	6 216	9 137
Vote 7 - Electrical Services		7 311	15	4 431	2 739	10 599	10 599	10 599	7 792	4 446	7 128
Vote 8 - Technical Services		26 487	88 789	20 135	8 693	11 613	11 613	11 613	6 776	3 178	10 571
Capital single-year expenditure sub-total		45 930	95 011	32 106	22 219	35 758	35 758	35 758	24 988	19 031	31 194
Total Capital Expenditure - Vote		66 078	99 783	54 213	63 011	85 420	85 420	85 420	44 890	61 015	73 024
Capital Expenditure - Standard											
Governance and administration		3 194	6 222	7 766	13 703	17 730	17 730	17 730	7 338	25 404	36 243
Executive and council		52	1 503	354	3 409	2 595	2 595	2 595	3 055	4 566	5 575
Budget and treasury office		229	7	634	1 878	1 743	1 743	1 743	1 065	67	70
Corporate services		2 914	4 712	6 777	8 416	13 392	13 392	13 392	3 218	20 771	30 598
Community and public safety		24 151	–	6 561	12 663	10 470	10 470	10 470	9 906	13 388	15 040
Community and social services		1 100	–	58	2 900	2 856	2 856	2 856	3 014	5 088	8 772
Sport and recreation		390	–	–	–	350	350	350	–	–	–
Public safety		2 503	–	908	805	733	733	733	700	888	1 733
Housing		20 158	–	5 595	8 958	6 531	6 531	6 531	6 192	7 412	4 535
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		5 397	–	1 470	4 942	6 594	6 594	6 594	1 554	3 620	5 586
Planning and development		28	–	1	–	–	–	–	–	–	–
Road transport		5 369	–	1 456	4 942	6 594	6 594	6 594	1 554	3 620	5 586
Environmental protection		–	–	13	–	–	–	–	–	–	–
Trading services		33 336	93 561	38 417	31 703	50 626	50 626	50 626	26 092	18 603	16 155
Electricity		7 115	–	4 717	10 984	19 882	19 882	19 882	7 792	4 358	5 395
Water		14 457	93 561	25 869	7 093	7 200	7 200	7 200	6 728	14 245	10 760
Waste water management		7 220	–	7 712	13 026	22 513	22 513	22 513	10 072	–	–
Waste management		4 544	–	120	600	1 031	1 031	1 031	1 500	–	–
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	3	66 078	99 783	54 213	63 011	85 420	85 420	85 420	44 890	61 015	73 024
Funded by:											
National Government		10 826	10 218	33 163	22 523	25 546	25 546	25 546	21 109	39 589	48 712
Provincial Government		20 118	–	3 457	7 720	3 935	3 935	3 935	4 458	5 000	3 000
District Municipality		520	141	200	–	–	–	–	–	–	–
Other transfers and grants		427	394	891	–	465	465	465	–	–	–
Transfers recognised - capital	4	31 891	10 753	37 711	30 243	29 946	29 946	29 946	25 567	44 589	51 712
Public contributions & donations	5	–	–	–	–	477	477	477	–	–	–
Borrowing	6	32 223	78 499	9 892	16 645	29 945	29 945	29 945	8 860	3 500	3 917
Internally generated funds		1 964	10 531	6 610	16 123	25 052	25 052	25 052	10 463	12 926	17 395
Total Capital Funding	7	66 078	99 783	54 213	63 011	85 420	85 420	85 420	44 890	61 015	73 024

References

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).

2. Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year

3. Capital expenditure by standard classification must reconcile to the appropriations by vote

4. Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)

5. Must reconcile to Budgeted Financial Performance (revenue and expenditure)

6. Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17

7. Total Capital Funding must balance with Total Capital Expenditure

8. Include any capitalised interest (MFMA section 46) as part of relevant capital budget

WC048 Knysna - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Municipal Vote											
Multi-year expenditure appropriation	2										
Vote 1 - Executive & Council		–	–	–	500	500	500	500	1 000	2 500	3 500
1.1 - Council General		–	–	–	500	500	500	500	1 000	2 500	3 500
1.2 - Municipal Manager		–	–	–	–	–	–	–	–	–	–
Vote 2 - Corporate Services		–	–	–	–	–	–	–	–	–	–
2.1 - Director		–	–	–	–	–	–	–	–	–	–
2.2 - Corporate Administration		–	–	–	–	–	–	–	–	–	–
Vote 3 - Financial Services		–	–	–	4 000	4 072	4 072	4 072	3 000	1 000	–
3.1 - Director		–	–	–	1 500	1 500	1 500	1 500	1 000	–	–
3.2 - Assessment Rates		–	–	–	–	–	–	–	–	–	–
3.3 - Budget & Treasury		–	–	–	2 500	2 572	2 572	2 572	2 000	1 000	–
									–	–	–
Vote 4 - Strategic Services		–	–	–	–	–	–	–	–	–	–
4.1 - Strategic Services		–	–	–	–	–	–	–	–	–	–
Vote 5 - Planning & Development		19 530	–	4 015	11 404	10 720	10 720	10 720	4 094	22 544	27 780
5.1 - Director		–	–	1 399	4 386	7 720	7 720	7 720	94	17 544	24 780
5.2 - Housing		19 530	–	2 616	7 018	3 000	3 000	3 000	4 000	5 000	3 000
5.3 - Town Planning		–	–	–	–	–	–	–	–	–	–
Vote 6 - Community Services		–	–	–	–	–	–	–	–	–	–
6.1 - Director		–	–	–	–	–	–	–	–	–	–
6.2 - Library, Arts, Culture & Heritage		–	–	–	–	–	–	–	–	–	–
6.3 - Parks & Recreation		–	–	–	–	–	–	–	–	–	–
6.4 - Protection Services		–	–	–	–	–	–	–	–	–	–
6.5 - Waste Management		–	–	–	–	–	–	–	–	–	–
									–	–	–
Vote 7 - Electrical Services		–	–	1 098	8 245	9 343	9 343	9 343	–	–	–
7.1 - Electricity		–	–	1 098	8 245	9 343	9 343	9 343	–	–	–
7.2 - Workshop		–	–	–	–	–	–	–	–	–	–
									–	–	–
Vote 8 - Technical Services		617	4 772	16 995	16 643	25 027	25 027	25 027	11 808	15 940	10 550
8.1 - Director		–	–	–	–	–	–	–	–	–	–
8.2 - Public Works		–	–	–	–	–	–	–	649	1 870	2 329
8.3 - Water & Sewer		617	4 772	16 995	16 643	25 027	25 027	25 027	11 159	14 070	8 221
									–	–	–
Capital multi-year expenditure sub-total		20 148	4 772	22 108	40 792	49 662	49 662	49 662	19 902	41 984	41 830

WC048 Knysna - Table A6 Budgeted Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
ASSETS											
Current assets											
Cash		183	782	26 231	2 372	33 456	33 456	33 456	7 178	9 728	13 687
Call investment deposits	1	60 707	26 182	31 078	8 048	1 507	1 507	1 507	30 000	40 000	50 000
Consumer debtors	1	35 223	39 626	43 062	60 982	60 982	60 982	60 982	62 058	63 183	64 369
Other debtors		19 792	33 501	24 045	8 500	2 943	2 943	2 943	3 237	3 561	3 917
Current portion of long-term receivables		121	118	63	232	63	63	63	65	70	75
Inventory	2	2 320	1 685	2 223	2 030	2 030	2 030	2 030	2 172	2 324	2 486
Total current assets		118 345	101 894	126 702	82 164	100 980	100 980	100 980	104 711	118 866	134 535
Non current assets											
Long-term receivables		329	463	467	500	505	505	505	445	380	310
Investments		11 819	13 295	14 984	23 043	16 680	16 680	16 680	26 955	29 748	32 830
Investment property		109	142 103	160 441	89	160 441	160 441	160 441	160 441	160 441	160 441
Investment in Associate		–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	3	421 788	807 201	878 587	546 936	941 954	941 954	941 954	964 976	1 004 323	1 056 410
Agricultural		–	–	–	–	–	–	–	–	–	–
Biological		–	–	–	–	–	–	–	–	–	–
Intangible		412	178	88	–	88	88	88	46	43	43
Other non-current assets		19	2 187	2 398	25	2 652	2 652	2 652	2 652	2 652	2 652
Total non current assets		434 475	965 426	1 056 965	570 593	1 122 320	1 122 320	1 122 320	1 155 515	1 197 587	1 252 686
TOTAL ASSETS		552 820	1 067 320	1 183 667	652 757	1 223 300	1 223 300	1 223 300	1 260 226	1 316 453	1 387 221
LIABILITIES											
Current liabilities											
Bank overdraft	1	15 471	10 186	–	–	–	–	–	–	–	–
Borrowing	4	12 603	14 458	17 181	15 162	15 162	15 162	15 162	16 678	18 346	20 181
Consumer deposits		8 183	8 475	9 103	9 795	9 795	9 795	9 795	10 774	11 852	13 037
Trade and other payables	4	49 254	35 736	43 655	33 244	38 909	38 909	38 909	41 298	44 724	48 437
Provisions		9 711	14 174	17 852	12 739	12 739	12 739	12 739	15 924	17 516	19 268
Total current liabilities		95 222	83 028	87 792	70 940	76 605	76 605	76 605	84 674	92 439	100 923
Non current liabilities											
Borrowing		154 876	155 997	157 974	158 555	152 935	152 935	152 935	145 117	130 271	114 007
Provisions		53 822	53 992	65 258	61 124	77 411	77 411	77 411	88 400	100 976	113 925
Total non current liabilities		208 699	209 988	223 231	219 679	230 346	230 346	230 346	233 517	231 247	227 932
TOTAL LIABILITIES		303 921	293 017	311 023	290 618	306 951	306 951	306 951	318 191	323 685	328 855
NET ASSETS	5	248 899	774 304	872 644	362 139	916 349	916 349	916 349	942 035	992 767	1 058 366
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		244 497	769 883	854 489	351 530	902 691	902 691	902 691	895 926	935 508	989 956
Reserves	4	4 402	4 420	18 156	10 608	13 658	13 658	13 658	46 109	57 260	68 410
Minorities' interests		–	–	–	–	–	–	–			
TOTAL COMMUNITY WEALTH/EQUITY	5	248 899	774 304	872 644	362 139	916 349	916 349	916 349	942 035	992 767	1 058 366

References

1. Detail to be provided in Table SA3

2. Include completed low cost housing to be transferred to beneficiaries within 12 months

3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)

4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.

5. Net assets must balance with Total Community Wealth/Equity

WC048 Knysna - Table A7 Budgeted Cash Flows

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		244 486	271 980	334 196	369 442	359 100	359 100	359 100	404 741	439 775	479 310
Government - operating	1	49 697	61 732	62 943	70 210	93 125	93 125	93 125	81 223	73 951	81 102
Government - capital	1	34 193	65 195	36 888	30 243	28 474	28 474	28 474	25 567	44 589	51 712
Interest		7 573	5 876	5 915	5 073	6 786	6 786	6 786	11 735	13 021	14 747
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(261 769)	(314 189)	(327 463)	(374 132)	(408 920)	(408 920)	(408 920)	(439 261)	(463 347)	(505 907)
Finance charges		(17 243)	(16 572)	(17 193)	(20 352)	(16 043)	(16 043)	(16 043)	(16 309)	(14 462)	(12 597)
Transfers and Grants	1	(5 003)	(5 357)	(5 843)	–	–	–	–	(5 236)	(5 279)	(5 323)
NET CASH FROM/(USED) OPERATING ACTIVITIES		51 934	68 664	89 442	80 484	62 522	62 522	62 522	62 460	88 248	103 044
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		2 520	243	1 560	166	166	166	166	186	150	200
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables		220	(70)	710	65	65	65	65	58	60	65
Decrease (increase) in non-current investments		(1 335)	(1 694)	(3 203)	(8 127)	1 997	1 997	1 997	(10 275)	(2 793)	(3 082)
Payments											
Capital assets		(66 092)	(99 783)	(53 390)	(63 011)	(81 099)	(81 099)	(81 099)	(44 890)	(61 015)	(73 024)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(64 687)	(101 304)	(54 322)	(70 907)	(78 871)	(78 871)	(78 871)	(54 922)	(63 598)	(75 841)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		44 579	15 515	20 111	8 245	8 245	8 245	8 245	8 860	3 500	3 917
Increase (decrease) in consumer deposits		239	292	629	420	420	420	420	979	1 077	1 185
Payments											
Repayment of borrowing		(13 389)	(11 807)	(15 329)	(14 662)	(14 662)	(14 662)	(14 662)	(15 162)	(16 678)	(18 346)
NET CASH FROM/(USED) FINANCING ACTIVITIES		31 429	3 999	5 411	(5 997)	(5 997)	(5 997)	(5 997)	(5 322)	(12 101)	(13 244)
NET INCREASE/ (DECREASE) IN CASH HELD		18 676	(28 641)	40 531	3 580	(22 346)	(22 346)	(22 346)	2 216	12 549	13 960
Cash/cash equivalents at the year begin:	2	26 743	45 419	16 778	6 140	57 309	57 309	57 309	34 963	37 179	49 728
Cash/cash equivalents at the year end:	2	45 419	16 778	57 309	9 720	34 963	34 963	34 963	37 179	49 728	63 688

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities 37 178 49 728 63 687

2. Cash equivalents includes investments with maturities of 3 months or less

WC048 Knysna - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available											
Cash/cash equivalents at the year end	1	45 419	16 778	57 309	9 720	34 963	34 963	34 963	37 179	49 728	63 688
Other current investments > 90 days		(0)	0	0	700	0	0	0	(0)	(0)	(0)
Non current assets - Investments	1	11 819	13 295	14 984	23 043	16 680	16 680	16 680	26 955	29 748	32 830
Cash and investments available:		57 238	30 073	72 292	33 463	51 642	51 642	51 642	64 133	79 476	96 517
Application of cash and investments											
Unspent conditional transfers		27 045	8 414	5 634	685	773	773	773	–	–	–
Unspent borrowing		19 421	10 581	21 334	8 624	–	–		–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–		–
Other working capital requirements	3	(30 806)	(36 667)	(19 171)	(34 768)	(29 510)	(29 510)	(29 510)	(29 711)	(28 369)	(26 824)
Other provisions		9 711	14 174	17 852	12 739	12 739	12 739	12 739	15 924	17 516	19 268
Long term investments committed	4	–	–	–	–	–	–	–	26 955	29 748	32 830
Reserves to be backed by cash/investments	5	4 402	4 420	18 156	10 608	13 658	13 658	13 658	46 109	57 260	68 410
Total Application of cash and investments:		29 774	922	43 804	(2 111)	(2 340)	(2 340)	(2 340)	59 277	76 155	93 684
Surplus(shortfall)		27 464	29 151	28 488	35 574	53 982	53 982	53 982	4 857	3 321	2 833

References

1. Must reconcile with Budgeted Cash Flows

2. For example: VAT, taxation

3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)

4. For example: sinking fund requirements for borrowing

5. Council approval required for each reserve created and basis of cash backing of reserves

Other working capital requirements										
Debtors	52 366	63 989	57 193	67 326	62 068	62 068	62 068	64 874	66 345	67 838
Creditors due	21 560	27 322	38 022	32 558	32 558	32 558	32 558	35 163	37 976	41 014
Total	30 806	36 667	19 171	34 768	29 510	29 510	29 510	29 711	28 369	26 824
Debtors collection assumptions										
Balance outstanding - debtors	55 343	73 590	67 575	69 982	64 429	64 429	64 429	65 740	67 124	68 596
Estimate of debtors collection rate	95%	87%	85%	96%	96%	96%	96%	99%	99%	99%
Long term investments committed										
Prom note & term deposit ceded to DBSA								26 955	29 748	32 830
	–	–	–	–	–	–	–	26 955	29 748	32 830
Reserves to be backed by cash/investments										
Housing Development Fund	4 402	4 420	3 057	2 000	1 000	1 000	1 000	1 000	1 000	1 000
Capital replacement	–	–	5 200	8 608	1 507	1 507	1 507	22 807	22 807	22 807
Self-insurance	–	–	–	–	–	–	–	–	–	–
Employee Benefits Reserve	–	–	5 243	–	6 029	6 029	6 029	12 058	18 087	24 116
Non-current provisions reserve	–	–	4 656	–	5 122	5 122	5 122	10 244	15 365	20 487
	4 402	4 420	18 156	10 608	13 658	13 658	13 658	46 109	57 260	68 410

WC048 Knysna - Table A9 Asset Management

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CAPITAL EXPENDITURE										
Total New Assets	1	43 954	42 626	32 368	21 109	27 919	27 919	19 389	47 606	56 647
Infrastructure - Road transport		583	–	1 456	1 540	5 227	5 227	1 096	1 870	5 586
Infrastructure - Electricity		3 735	–	2 658	1 940	5 171	5 171	5 484	2 280	3 268
Infrastructure - Water		11 380	28 755	19 823	2 062	2 062	2 062	5 929	13 806	9 221
Infrastructure - Sanitation		2 165	–	–	–	–	–	–	–	–
Infrastructure - Other		979	–	1 399	702	8 422	8 422	458	–	–
Infrastructure		*18 842*	*28 755*	*25 336*	*6 244*	*20 882*	*20 882*	*12 967*	*17 956*	*18 075*
Community		21 334	3 079	3 087	13 404	4 816	4 816	6 357	29 632	38 552
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	3 765	10 792	3 945	1 461	2 221	2 221	65	18	20
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		14	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	22 124	57 157	21 845	41 902	57 501	57 501	25 501	13 409	16 377
Infrastructure - Road transport		3 915	–	–	2 660	660	660	–	–	–
Infrastructure - Electricity		4 088	–	3 483	10 745	16 703	16 703	3 000	4 000	5 000
Infrastructure - Water		2 987	46 128	5 481	5 031	5 121	5 121	88	439	1 539
Infrastructure - Sanitation		3 714	–	7 705	12 666	20 884	20 884	9 852	–	–
Infrastructure - Other		281	–	–	–	250	250	–	–	–
Infrastructure		*14 985*	*46 128*	*16 669*	*31 102*	*43 618*	*43 618*	*12 940*	*4 439*	*6 539*
Community		2 800	1 548	–	2 700	3 315	3 315	2 701	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6	4 339	9 481	5 176	8 100	10 568	10 568	9 860	8 970	9 838
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4									
Infrastructure - Road transport		4 498	–	1 456	4 200	5 887	5 887	1 096	1 870	5 586
Infrastructure - Electricity		7 823	–	6 141	12 685	21 874	21 874	8 484	6 280	8 268
Infrastructure - Water		14 367	74 883	25 304	7 093	7 183	7 183	6 017	14 245	10 760
Infrastructure - Sanitation		5 879	–	7 705	12 666	20 884	20 884	9 852	–	–
Infrastructure - Other		1 260	–	1 399	702	8 672	8 672	458	–	–
Infrastructure		*33 827*	*74 883*	*42 004*	*37 346*	*64 500*	*64 500*	*25 907*	*22 395*	*24 614*
Community		24 134	4 627	3 087	16 104	8 131	8 131	9 058	29 632	38 552
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets		8 103	20 273	9 121	9 561	12 789	12 789	9 925	8 988	9 858
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		14	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class	2	66 078	99 783	54 213	63 011	85 420	85 420	44 890	61 015	73 024
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		–	93 183	94 503	23 407	99 070	99 070	96 354	94 411	96 218
Infrastructure - Electricity		69 610	169 118	178 637	91 288	190 992	190 992	194 052	194 908	197 752
Infrastructure - Water		121 144	166 952	160 204	143 542	174 135	174 135	175 178	184 447	190 231
Infrastructure - Sanitation		30 981	52 944	81 718	48 075	73 828	73 828	81 500	79 239	76 978
Infrastructure - Other		1 458	848	761	155 029	1 800	1 800	2 245	2 232	2 219
Infrastructure		*223 193*	*483 045*	*515 823*	*461 341*	*539 825*	*539 825*	*549 329*	*555 237*	*563 398*
Community		15 836	20 700	23 353	53 433	85 884	85 884	94 512	123 713	161 834
Heritage assets		594	1 557	1 711	554	1 557	1 557	1 554	1 551	1 548
Investment properties		109	142 103	160 441	89	160 441	160 441	160 441	160 441	160 441
Other assets		182 165	301 900	337 700	31 608	314 688	314 688	319 581	323 822	329 630
Agricultural Assets		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
Intangibles		412	178	88	–	88	88	46	43	43
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	422 308	949 482	1 039 117	547 025	1 102 483	1 102 483	1 125 463	1 164 807	1 216 894
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		29 131	87 695	18 676	33 817	22 053	22 053	21 910	21 671	20 937
Repairs and Maintenance by Asset Class	3	42 153	43 471	49 707	60 772	61 013	61 013	67 500	72 863	78 112
Infrastructure - Road transport		10 154	9 635	11 126	12 459	15 314	15 314	13 848	14 564	15 207
Infrastructure - Electricity		6 669	8 086	8 124	14 281	10 353	10 353	15 473	17 569	19 638
Infrastructure - Water		7 487	7 539	9 127	8 320	9 649	9 649	9 612	10 720	11 781
Infrastructure - Sanitation		4 132	4 053	4 258	5 165	5 750	5 750	5 938	6 252	6 540
Infrastructure - Other		151	–	–	129	111	111	451	455	463
Infrastructure		*28 594*	*29 313*	*32 634*	*40 354*	*41 176*	*41 176*	*45 321*	*49 560*	*53 629*
Community		4 972	4 870	6 177	6 722	6 793	6 793	7 597	8 035	8 427
Heritage assets		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Other assets	6, 7	8 587	9 288	10 895	13 697	13 043	13 043	14 582	15 268	16 057
TOTAL EXPENDITURE OTHER ITEMS		71 284	131 167	68 382	94 589	83 067	83 067	89 410	94 534	99 049
Renewal of Existing Assets as % of total capex		*33.5%*	*57.3%*	*40.3%*	*66.5%*	*67.3%*	*67.3%*	*56.8%*	*22.0%*	*22.4%*
Renewal of Existing Assets as % of deprecn"		*75.9%*	*65.2%*	*117.0%*	*123.9%*	*260.7%*	*260.7%*	*116.4%*	*61.9%*	*78.2%*
R&M as a % of PPE		*10.0%*	*5.4%*	*5.7%*	*11.1%*	*6.5%*	*6.5%*	*7.0%*	*7.3%*	*7.4%*
Renewal and R&M as a % of PPE		*15.0%*	*11.0%*	*7.0%*	*19.0%*	*11.0%*	*11.0%*	*8.0%*	*7.0%*	*8.0%*

References

1. Detail of new assets provided in Table SA34a

2. Detail of renewal of existing assets provided in Table SA34b

3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c

4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure

5. Must reconcile to 'Budgeted Financial Position' (written down value)

6. Donated/contributed and assets funded by finance leases to be allocated to the respective category

WC048 Knysna - Table A10 Basic service delivery measurement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets	1									
Water:										
Piped water inside dwelling										
Piped water inside yard (but not in dwelling)										
Using public tap (at least min.service level)	2									
Other water supply (at least min.service level)	4									
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:										
Flush toilet (connected to sewerage)										
Flush toilet (with septic tank)										
Chemical toilet										
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Bucket toilet										
Other toilet provisions (< min.service level)										
No toilet provisions										
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Energy:										
Electricity (at least min.service level)										
Electricity - prepaid (min.service level)										
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Refuse:										
Removed at least once a week										
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	–	–	–	–	–	–	–	–	–
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		7 061	7 638	8 262	8 938	8 938	8 938	9 160	9 384	9 613
Sanitation (free minimum level service)		4 237	4 583	4 957	5 363	5 363	5 363	5 496	5 630	5 768
Electricity/other energy (50kwh per household per month)		6 700	6 800	6 900	7 000	7 000	7 036	7 100	7 200	7 300
Refuse (removed at least once a week)		5 884	6 365	6 885	7 448	7 448	7 448	7 633	7 820	8 011
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)		5 344	9 094	12 278	13 442	12 927	12 068	15 275	18 538	22 577
Sanitation (free sanitation service)		599	459	497	537	537	537	628	733	856
Electricity/other energy (50kwh per household per month)		1 700	2 302	2 644	3 519	3 144	3 146	3 683	4 144	4 718
Refuse (removed once a week)		2 472	1 909	2 639	2 204	2 137	2 137	2 088	2 109	2 127
Total cost of FBS provided (minimum social package)		10 115	13 764	18 058	19 702	18 745	17 888	21 673	25 525	30 277
Highest level of free service provided										
Property rates (R value threshold)		30 000	30 000	30 000	30 000	30 000	30 000	65 000	65 000	65 000
Water (kilolitres per household per month)		8	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)		77	42	46	47	47	47	50	53	56
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		170	170	170	170	170	170	170	170	170
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		–	–	–	–	–	–			
Property rates (other exemptions, reductions and rebates)		16 126	18 941	21 272	23 211	22 855	22 855	22 466	22 720	24 006
Water		4 312	5 091	5 583	5 974	6 081	6 081	7 094	7 604	8 151
Sanitation		1 225	763	716	768	768	768	934	1 003	1 076
Electricity/other energy		2 188	2 322	2 951	2 873	2 603	2 603	2 340	2 621	2 974
Refuse		1 327	897	795	851	851	851	1 000	1 049	1 109
Municipal Housing - rental rebates		–	–	–	–	–	–	–	–	–
Housing - top structure subsidies	6	5 223	3 726	2 349	4 365	4 500	4 500	3 983	4 142	4 329
Other		–	–	–	–	–	–	–	–	–
Total revenue cost of free services provided (total social package)		30 400	31 739	33 666	38 042	37 658	37 658	37 817	39 139	41 645

References

1. Include services provided by another entity; e.g. Eskom

2. Stand distance <= 200m from dwelling

3. Stand distance > 200m from dwelling

4. Borehole, spring, rain-water tank etc.

5. Must agree to total number of households in municipal area

6. Include value of subsidy provided by municipality above provincial subsidy level

7. Show number of households receiving at least these levels of services completely free

8. Must reflect the cost to the municipality of providing the Free Basic Service

Knysna Municipality

DRAFT Medium Term Revenue & Expenditure Framework (MTREF)

Annexure 2

Supporting budget tables

2012/2013 - 2014/2015

WC048 Knysna - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		96 919	127 538	138 064	148 142	148 486	148 486	148 486	163 300	172 465	181 038
less Revenue Foregone		16 126	18 941	21 272	23 211	22 855	22 855	22 855	22 466	22 720	24 006
Net Property Rates		80 793	108 597	116 791	124 931	125 631	125 631	125 631	140 834	149 745	157 032
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		95 775	119 399	141 897	176 788	162 662	162 662	162 662	180 347	202 024	229 395
less Revenue Foregone		2 188	2 322	2 951	2 873	2 603	2 603	2 603	2 340	2 621	2 974
Net Service charges - electricity revenue		93 588	117 077	138 946	173 915	160 059	160 059	160 059	178 007	199 403	226 421
Service charges - water revenue	6										
Total Service charges - water revenue		36 227	40 570	43 509	45 252	46 231	46 231	46 231	50 207	53 196	56 368
less Revenue Foregone		4 312	5 091	5 583	5 974	6 081	6 081	6 081	7 094	7 604	8 151
Net Service charges - water revenue		31 915	35 479	37 925	39 278	40 150	40 150	40 150	43 113	45 592	48 217
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		14 719	9 223	9 837	10 291	10 291	10 291	10 291	10 935	11 576	12 258
less Revenue Foregone		1 225	763	716	768	768	768	768	934	1 003	1 076
Net Service charges - sanitation revenue		13 494	8 460	9 121	9 523	9 523	9 523	9 523	10 001	10 573	11 182
Service charges - refuse revenue	6										
Total Service Charges - Refuse revenue		15 727	12 330	13 510	14 357	14 357	14 357	14 357	14 590	15 161	15 907
Total landfill revenue											
less Revenue Foregone		1 327	897	795	851	851	851	851	1 000	1 049	1 109
Net Service charges - refuse revenue		14 400	11 433	12 715	13 506	13 506	13 506	13 506	13 590	14 112	14 798
Other Revenue by source											
Other Revenue		411	468	535	178	178	178	178	342	369	397
Actuarial Gains		589	6 061	–	589	589	589	589	–	–	–
Augmentations		2 289	2 328	2 387	887	1 038	1 038	1 038	866	931	1 001
Donations		49	1 003	293	54	54	54	54	104	114	124
Foreign exchange profit		–	–	75	–	–			–	–	–
Gain on FV Adjustments IP		–	–	18 338	–	–			–	–	–
Information fees		153	155	202	195	195	195	195	164	192	211
Insurance claims		329	430	617	–	–			–	–	–
Penalty Disconnection Fees		500	425	505	516	516	516	516	250	269	289
Recovered costs		94	240	252	259	259	259	259	241	258	293
Refuse related sundry revenue		135	185	155	158	158	158	158	170	183	197
Reversal of Impairment Loss		–	–	36 174	–	–			–	–	–
Reversal of Provision		–	708	–	–	–			–	–	–
Skills Development Levy Refund		389	299	72	72	72	72	72	400	300	300
Traffic related sundry revenue		36	35	32	35	35	35	35	37	39	41
Unclaimed deposits & credits		571	659	(11)	682	682	682	682	–	–	–
Unamortised revenue		787	748	691	719	719	719	719	624	593	563
	3										
Total 'Other' Revenue	1	6 333	13 744	60 317	4 344	4 495	4 495	4 495	3 198	3 248	3 416
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	59 583	65 362	75 645	87 714	83 808	83 808	83 808	96 034	101 771	106 857
Pension and UIF Contributions		9 816	12 546	12 815	15 000	14 241	14 241	14 241	16 217	17 187	18 043
Medical Aid Contributions		6 567	8 818	7 084	9 088	8 087	8 087	8 087	9 893	10 487	11 011
Overtime		5 175	6 030	7 317	6 205	8 830	8 830	8 830	7 136	7 563	7 937
Performance Bonus		4 588	4 936	5 483	6 895	6 416	6 416	6 416	7 368	7 805	8 195
Motor Vehicle Allowance		2 682	2 856	3 177	3 208	2 927	2 927	2 927	3 562	3 763	3 944
Cellphone Allowance		–	–	–	–	–			–	–	–
Housing Allowances		1 341	1 302	1 351	1 772	1 575	1 575	1 575	1 959	2 077	2 180
Other benefits and allowances		2 922	3 977	3 598	3 918	3 893	3 893	3 893	4 138	4 383	4 600
Payments in lieu of leave		1 060	1 008	1 264	1 541	1 541	1 541	1 541	1 331	1 409	1 481
Long service awards		747	793	1 129	1 246	1 246	1 246	1 246	1 291	1 368	1 436
Post-retirement benefit obligations	4	6 121	6 824	6 153	6 776	6 776	6 776	6 776	7 032	7 454	7 827
sub-total	5	100 602	114 453	125 016	143 362	139 341	139 341	139 341	155 961	165 267	173 511
Less: Employees costs capitalised to PPE		–	–	–	–	–			–	–	–
Total Employee related costs	1	100 602	114 453	125 016	143 362	139 341	139 341	139 341	155 961	165 267	173 511
Contributions recognised - capital											
Contributions - Capital		–	–	823	–	477	477	477	–	–	–
Total Contributions recognised - capital		–	–	823	–	477	477	477	–	–	–
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		27 820	22 433	18 552	33 653	21 890	21 890	21 890	21 910	21 671	20 937
Current asset impairment		18	9	124	–	–			–	–	–
Capital asset impairment		1 293	65 253	–	163	163	163	163	–	–	–
Depreciation resulting from revaluation of PPE	10	–	–	–	–	–			–	–	–
Total Depreciation & asset impairment	1	29 131	87 695	18 676	33 817	22 053	22 053	22 053	21 910	21 671	20 937

WC048 Knysna - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Bulk purchases											
Electricity Bulk Purchases		53 798	69 092	85 586	109 455	101 055	101 055	101 055	119 175	137 051	159 664
Water Bulk Purchases		–	–	–	–	–			–	–	–
Total bulk purchases	1	53 798	69 092	85 586	109 455	101 055	101 055	101 055	119 175	137 051	159 664
Transfers and grants											
Cash transfers and grants		5 003	5 352	5 843	5 791	5 871	5 871	5 871	5 236	5 279	5 323
Non-cash transfers and grants		–	5	–	–	–	–	–	–	–	–
Total transfers and grants	1	5 003	5 357	5 843	5 791	5 871	5 871	5 871	5 236	5 279	5 323
Contracted services											
Administrative Support		4 550	5 226	4 657	5 208	5 531	5 531	5 531	7 445	7 840	8 264
Animal Control		–	–	–	–	–			–	–	–
Defaulters Meter Conversions		–	–	11	125	125	125	125	150	158	167
Penalty Disconnections		249	253	278	308	308	308	308	211	222	234
Refuse Removal		4 741	3 240	4 065	3 597	3 747	3 747	3 747	3 747	3 946	4 159
Removal of Illegal Shacks		470	459	478	657	600	600	600	600	632	666
Sale of Prepaid Services		1 841	2 581	2 819	2 280	2 280	2 280	2 280	2 280	2 401	2 531
Third Party Cashier Points		412	461	498	551	551	551	551	576	607	639
sub-total	1	12 262	12 220	12 806	12 726	13 142	13 142	13 142	15 010	15 806	16 660
Allocations to organs of state:											
Electricity		–	–	–	–	–	–	–	–	–	–
Water		–	–	–	–	–	–	–	–	–	–
Sanitation		–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
Total contracted services		12 262	12 220	12 806	12 726	13 142	13 142	13 142	15 010	15 806	16 660
Other Expenditure By Type											
Collection costs		4	119	472	401	601	601	601	635	669	705
Contrib to Provisions		825	–	3 632	820	820	820	820	1 089	1 198	1 318
Consultants fees		3 488	1 074	1 170	6 309	5 956	5 956	5 956	5 713	6 016	6 341
Audit fees		1 854	2 093	2 335	3 010	3 010	3 010	3 010	3 605	3 820	4 047
General expenses	3	2 136	2 512	2 971	3 604	2 878	2 878	2 878	3 601	3 788	3 988
Actuarial Losses		0	1 087	6 055	1 000	1 000	1 000	1 000	–	–	–
Advertising & Media		1 384	1 371	1 302	1 645	1 890	1 890	1 890	1 889	1 980	2 078
Bank Charges		649	806	1 006	1 021	1 041	1 041	1 041	1 200	1 264	1 332
Equipment Hire		1 263	533	(320)	1 413	1 730	1 730	1 730	1 033	1 083	1 137
Insurance		1 980	1 213	1 443	1 990	2 003	2 003	2 003	1 977	2 081	2 192
Interdepartmental charges		(0)	0	0	–	–			–	–	(1)
Levies, Subscriptions & Licences		2 888	3 349	4 063	5 494	5 684	5 684	5 684	5 579	5 842	6 134
Loss on FV Adjustments IP		–	33 382	–	–	–			–	–	–
Office Space Rental		2 104	3 469	3 542	3 619	3 674	3 674	3 674	3 875	4 185	4 520
Operating Grant Expenditure		31 602	40 536	37 883	35 205	56 625	56 625	56 625	41 579	30 457	33 119
Planning		770	1 340	875	1 347	1 525	1 525	1 525	2 766	2 877	3 007
Projects		9 470	14 308	8 209	10 545	10 683	10 683	10 683	11 498	11 919	12 410
Repairs & Maintenance		18 914	17 157	19 925	27 284	27 286	27 286	27 286	30 122	33 240	36 514
Staff Related (recruitment, training, etc.)		1 827	1 771	1 180	2 428	2 657	2 657	2 657	2 266	2 404	2 525
Telecommunications & Postage		3 216	3 662	4 010	3 596	3 753	3 753	3 753	3 784	3 988	4 203
Travel, Entertainment & Functions		1 831	2 001	2 682	2 318	2 876	2 876	2 876	2 019	2 088	2 170
Total 'Other' Expenditure	1	86 204	131 784	102 435	113 049	135 691	135 691	135 691	124 231	118 898	127 737

by Expenditure Item	8										
Employee related costs		23 239	26 314	29 782	33 489	33 727	33 727	–	37 379	39 623	41 599
Other materials		–	–	–	–	–	–	–	–	–	–
Contracted Services		–	–	–	–	–	–	–	–	–	–
Other Expenditure		18 914	17 157	19 925	27 284	27 286	27 286	27 286	30 122	33 240	36 514
Total Repairs and Maintenance Expenditure	9	42 153	43 471	49 707	60 772	61 013	61 013	27 286	67 500	72 863	78 112
	check	–	–	–	–	–	–		–	–	–

References

1. Must reconcile with 'Budgeted Financial Performance (Revenue and Expenditure)

2. Must reconcile to supporting documentation on staff salaries

3. Insert other categories where revenue or expenditure is of a material nature (list separate items until 'General expenses' is not > 10% of Total Expenditure)

4. Expenditure to meet any 'unfunded obligations'

5 This sub-total must agree with the total on SA22, but excluding councillor and board member items

6. Include a note for each revenue item that is affected by 'revenue foregone

7. Special consideration may have to be given to including 'goodwill arising' or 'joint venture' budgets where circumstances require this (include separately under relevant notes,

8. Repairs and Maintenance is not a GRAP item. However to facilitate transparency, municipalities must provide a breakdown of the amounts included in the relevant GRAP items that will be spent on Repairs and Maintenance

9. Must reconcile with Repairs and Maintenance by Asset Class (Total Repairs and Maintenance) on Table SA34c.

10. Only applicable to municipalities that have adopted the 'revaluation method' in GRAP 17. The aim is to prevent overstating 'depreciation and asset impairment

WC048 Knysna - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive & Council	Vote 2 - Corporate Services	Vote 3 - Financial Services	Vote 4 - Strategic Services	Vote 5 - Planning & Development	Vote 6 - Community Services	Vote 7 - Elelctrical Services	Vote 8 - Technical Services	Total
R thousand	1									
Revenue By Source										
Property rates		–	–	140 834	–	–	–	–	–	140 834
Property rates - penalties & collection charges		–	–	2 557	–	–	–	–	–	2 557
Service charges - electricity revenue		–	–	–	–	–	–	178 007	–	178 007
Service charges - water revenue		–	–	–	–	–	–	–	43 113	43 113
Service charges - sanitation revenue		–	–	–	–	–	608	–	9 393	10 001
Service charges - refuse revenue		–	–	–	–	–	13 590	–	–	13 590
Service charges - other		–	39	–	–	1 916	199	785	280	3 219
Rental of facilities and equipment		–	2 625	–	–	–	1 973	–	–	4 598
Interest earned - external investments		12	–	7 689	–	–	–	–	–	7 701
Interest earned - outstanding debtors		–	–	263	–	35	758	748	2 230	4 034
Dividends received		–	–	–	–	–	–	–	–	–
Fines		–	–	–	–	67	3 439	–	–	3 506
Licences and permits		–	–	–	–	–	1 798	–	–	1 798
Agency services		–	–	–	–	–	1 691	–	–	1 691
Other revenue		103	402	1 025	–	19	407	615	627	3 198
Transfers recognised - operational		5 685	81	2 050	–	38 375	7 477	8 500	19 055	81 223
Gains on Disposal of Assets		186	–	–	–	–	–	–	–	186
Total Revenue (excluding capital transfers and contributions		5 986	3 147	154 418	–	40 412	31 940	188 655	74 698	499 256
Expenditure By Type										
Employee related costs		13 598	9 930	21 681	–	13 199	49 430	10 219	37 904	155 961
Remuneration of councillors		6 078	–	–	–	–	–	–	–	6 078
Debt impairment		908	–	9 951	–	200	727	5 378	3 056	20 220
Depreciation & asset impairment		176	1 303	939	–	2 252	1 790	3 619	11 831	21 910
Finance charges		–	359	167	–	1 024	1 248	4 679	8 832	16 309
Bulk purchases		–	–	–	–	–	–	119 175	–	119 175
Other materials		135	127	437	–	263	4 389	1 401	8 256	15 008
Contracted services		–	–	2 281	–	600	6 241	2 598	3 290	15 010
Transfers & Grants		5 004	232	–	–	–	–	–	–	5 236
Other expenditure		5 534	2 755	(13 424)	–	44 312	20 335	23 424	41 295	124 231
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–
Total Expenditure		31 433	14 707	22 032	–	61 850	84 159	170 492	114 464	499 137
Surplus/(Deficit)		(25 447)	(11 560)	132 386	–	(21 438)	(52 219)	18 163	(39 766)	119
Transfers recognised - capital		–	–	–	–	5 848	2 164	2 632	14 923	25 567
Contributions recognised - capital		–	–	–	–	–	–	–	–	–
Contributed assets		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(25 447)	(11 560)	132 386	–	(15 590)	(50 055)	20 795	(24 843)	25 686

References

1. Departmental columns to be based on municipal organisation structure

WC048 Knysna - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
ASSETS											
Call investment deposits											
Call deposits < 90 days		60 707	26 182	31 078	8 048	1 507	1 507	1 507	30 000	40 000	50 000
Other current investments > 90 days		–	–	–	–	–	–	–	–	–	–
Total Call investment deposits	2	60 707	26 182	31 078	8 048	1 507	1 507	1 507	30 000	40 000	50 000
Consumer debtors											
Consumer debtors		53 929	61 154	70 734	111 034	111 034	111 034	111 034	132 331	154 998	179 290
Less: Provision for debt impairment		(18 706)	(21 528)	(27 671)	(50 053)	(50 053)	(50 053)	(50 053)	(70 273)	(91 815)	(114 921)
Total Consumer debtors	2	35 223	39 626	43 062	60 982	60 982	60 982	60 982	62 058	63 183	64 369
Debt impairment provision											
Balance at the beginning of the year		16 680	18 706	21 528	45 315	45 315	45 315	45 315	50 053	70 273	91 815
Contributions to the provision		4 275	7 022	12 632	10 282	10 659	10 659	10 659	20 220	21 542	23 106
Bad debts written off		(2 249)	(4 201)	(6 489)	(5 545)	(5 922)	(5 922)	(5 922)	–	–	–
Balance at end of year		18 706	21 528	27 671	50 053	50 053	50 053	50 053	70 273	91 815	114 921
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		637 883	869 574	947 462	856 819	1 037 230	1 037 230	1 037 230	1 082 120	1 143 135	1 216 159
Leases recognised as PPE	3	5 293	5 715	8 618	6 605	4 270	4 270	4 270	4 270	4 270	4 270
Less: Accumulated depreciation		221 387	68 089	77 493	316 489	99 546	99 546	99 546	121 414	143 082	164 019
Total Property, plant and equipment (PPE)	2	421 788	807 201	878 587	546 936	941 954	941 954	941 954	964 976	1 004 323	1 056 410
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)		–	–	–	–	–	–	–	–	–	–
Current portion of long-term liabilities		12 603	14 458	17 181	15 162	15 162	15 162	15 162	16 678	18 346	20 181
Total Current liabilities - Borrowing		12 603	14 458	17 181	15 162	15 162	15 162	15 162	16 678	18 346	20 181
Trade and other payables											
Trade and other creditors		21 560	27 322	38 022	32 558	32 558	32 558	32 558	35 163	37 976	41 014
Unspent conditional transfers		27 045	8 414	5 634	685	773	773	773	–	–	–
VAT		648	–	–	–	5 577	5 577	5 577	6 135	6 748	7 423
Total Trade and other payables	2	49 254	35 736	43 655	33 244	38 909	38 909	38 909	41 298	44 724	48 437
Non current liabilities - Borrowing											
Borrowing	4	152 899	153 713	155 755	157 683	151 557	151 557	151 557	143 739	128 893	112 629
Finance leases (including PPP asset element)		1 977	2 283	2 218	871	1 378	1 378	1 378	1 378	1 378	1 378
Total Non current liabilities - Borrowing		154 876	155 997	157 974	158 555	152 935	152 935	152 935	145 117	130 271	114 007
Provisions - non-current											
Retirement benefits		43 342	42 866	52 395	53 557	71 124	71 124	71 124	78 156	85 610	93 437
List other major provision items					–	–					
Refuse landfill site rehabilitation		35	–	–	1 261	6 287	6 287	6 287	10243587	15365381	20487174
Other		10 446	11 126	12 863	6 306	–	–	–	–	–	–
Total Provisions - non-current		53 822	53 992	65 258	61 124	77 411	77 411	77 411	88 400	100 976	113 925
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		216 506	244 497	769 883	336 818	854 489	854 489	854 489	902 691	895 926	935 508
GRAP adjustments		2 425	547 016	–	–	–	–	–	–	–	–
Restated balance		218 931	791 513	769 883	336 818	854 489	854 489	854 489	902 691	895 926	935 508
Surplus/(Deficit)		25 176	(21 611)	98 341	19 801	39 316	39 316	39 316	25 686	50 733	65 599
Appropriations to Reserves		(1 459)	(8 155)	(17 661)	(15 350)	(14 015)	(14 015)	(14 015)	(32 451)	(11 151)	(11 151)
Transfers from Reserves		1 849	8 137	3 926	10 262	22 901	22 901	22 901	–	–	–
Depreciation offsets		–	–	–	–	–	–	–	–	–	–
Other adjustments		–	–	–	–	–	–	–	–	–	–
Accumulated Surplus/(Deficit)	1	244 497	769 883	854 489	351 530	902 691	902 691	902 691	895 926	935 508	989 956
Reserves											
Housing Development Fund		4 402	4 420	3 057	2 000	1 000	1 000	1 000	1 000	1 000	1 000
Capital replacement		–	–	5 200	8 608	1 507	1 507	1 507	22 807	22 807	22 807
Self-insurance		–	–	–	–	–	–	–	–	–	–
Employee Benefits Reserve		–	–	5 243	–	6 029	6 029	6 029	12 058	18 087	24 116
Non-Current Provisions Reserve		–	–	4 656	–	5 122	5 122	5 122	10 244	15 365	20 487
Total Reserves	2	4 402	4 420	18 156	10 608	13 658	13 658	13 658	46 109	57 260	68 410
TOTAL COMMUNITY WEALTH/EQUITY	2	248 899	774 304	872 644	362 139	916 349	916 349	916 349	942 035	992 767	1 058 366

Total capital expenditure includes expenditure on nationally significant priorities:

Provision of basic services		–	–	–	–	–	–	–	–	–	–

WC048 Knysna - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
1: Caring & contented town	New housing			22 164	35 859	34 938	37 370	60 090	60 090	38 467	30 867	34 565
	Social development & community safety			7 149	7 954	8 112	8 449	9 329	9 329	9 787	10 243	11 469
	Targeted development of deprived areas			(15)	1 291	154	–	–	–	–	–	–
2: Successful & respected town	Relationship Building			325	550	821	790	722	722	800	900	950
3: Attractive & sustainable town	CBD enhancement			254	271	7	41	41	41	42	22	194
	Infill development			1 554	678	115	678	150	150	–	–	–
	Spatial direction			201	1 605	1 933	1 974	2 038	2 038	1 945	4 539	5 643
4: Reliably functioning town	Bulk infrastructure			185 754	198 692	226 373	266 335	253 870	253 870	284 612	307 172	339 228
	Exploring service partnerships			446	570	519	557	557	557	852	678	800
5: Financially sound town	Expenditure reform			27	29	59	23	23	23	23	25	27
	Long term financial prosperity			721	992	992	1 250	1 219	1 219	1 250	1 250	1 450
	Revenue enhancement			84 729	112 870	121 138	129 763	130 463	130 463	146 055	155 294	162 930
6: Dynamic & welcoming town	Business process improvement			8 723	7 178	7 246	8 108	8 108	8 108	8 950	10 564	12 221
	Performance management			–	535	586	–	311	311	–	–	–
	Safe, healthy and well trained staff			785	815	155	72	504	504	400	300	300
	Customer care			0	26	–	–	–	–	–	–	–
7: Town prepared for the future	Knysna 2020 partnerships			4 635	9 678	61 147	4 706	4 699	4 699	4 852	5 172	5 681
	Knysna 2020 social dialogue			732	1 041	884	1 053	1 053	1 053	1 217	1 312	1 435
	Operation wireless			8	5	83	7	7	7	4	7	8
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	318 191	380 640	465 259	461 176	473 184	473 184	499 256	528 345	576 901

References

1. Total revenue must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

WC048 Knysna - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
1: Caring & contented town	New housing			42 250	50 511	45 991	51 774	67 328	67 328	47 008	40 669	44 688
	Social development & community safety			36 394	38 753	45 987	52 020	51 780	51 780	54 897	57 259	60 064
	Targeted development of deprived areas			6 402	15 587	3 461	–	–	–	–	–	–
2: Successful & respected town	Deepening the tourism supply chain			–	–	–	–	–	–	–	–	–
	Local Business Growth			–	–	–	–	–	–	–	–	–
	Relationship Building			4 330	5 514	4 708	6 090	5 556	5 556	6 429	6 786	7 092
3: Attractive & sustainable town	CBD enhancement			5 828	6 746	7 503	8 457	8 442	8 442	9 791	10 537	11 443
	Infill development			1 661	594	915	1 327	1 489	1 489	1 891	1 988	2 082
	Protected areas			–	–	–	–	–	–	–	–	–
	Spatial direction			4 660	7 100	9 625	12 321	11 980	11 980	12 950	13 654	14 339
4: Reliably functioning town	Bulk infrastructure			191 501	202 706	238 352	279 626	262 259	262 259	296 728	317 852	346 292
	Exploring service partnerships			530	710	(996)	613	23	23	986	1 036	1 093
5: Financially sound town	Expenditure reform			992	1 269	1 340	1 997	1 712	1 712	2 310	2 441	2 563
	Long term financial prosperity			6 313	7 597	6 114	6 858	7 102	7 102	8 474	8 877	9 430
	Revenue enhancement			(12 131)	(11 405)	(14 372)	(14 208)	(13 810)	(13 810)	(8 977)	(8 727)	(8 701)
6: Dynamic & welcoming town	Business process improvement			10 451	10 593	12 338	18 181	17 756	17 756	17 608	18 477	18 987
	Customer care			5 411	5 772	6 382	8 075	7 564	7 564	8 251	8 739	9 213
	Performance management			713	1 568	1 911	3 544	3 442	3 442	6 084	6 421	6 760
	Safe, healthy and well trained staff			239	1 491	599	572	1 451	1 451	696	730	767
7: Town prepared for the future	Knysna 2020 partnerships			20 501	126 783	33 108	29 813	30 060	30 060	29 439	30 641	31 826
	Knysna 2020 social dialogue			2 847	4 116	3 128	4 288	2 938	2 938	4 304	4 545	4 784
	Operation wireless			(22)	(421)	(1 462)	271	161	161	266	278	292
Allocations to other priorities												
Total Expenditure			1	328 870	475 583	404 629	471 618	467 234	467 234	499 137	522 201	563 014

References

1. Total expenditure must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

WC048 Knysna - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
1: Caring & contented town	Targeted development of deprived areas	1		2 019	4 698	–	–	–	–	–	–	–
	New housing	2		20 158	–	5 595	8 958	6 531	6 531	6 192	7 412	4 535
	Social development & community safety	4		3 724	–	200	3 705	3 939	3 939	3 714	5 888	8 772
2: Successful & respected town	Local Business Growth	6		–	–	–	–	–	–	–	–	–
	Relationship Building	7		15	–	463	1 605	1 605	1 605	1 065	67	70
	Deepening the tourism supply chain	8		–	–	–	–	–	–	–	–	–
3: Attractive & sustainable town	CBD enhancement	12		342	–	766	–	–	–	–	88	1 733
	Infill development			4	–	13	–	–	–	–	–	–
	Spatial direction			35	–	1 571	4 487	7 821	7 821	134	17 594	24 840
4: Reliably functioning town	Bulk infrastructure	13		38 651	93 575	39 920	36 645	57 280	57 280	27 646	22 223	21 741
	Exploring service partnerships	25		623	–	2 093	275	333	333	230	1 253	4 775
5: Financially sound town	Revenue enhancement			74	–	–	273	138	138	–	–	–
	Expenditure reform			20	7	28	2 500	2 572	2 572	2 000	1 000	–
	Long term financial prosperity			102	–	38	–	–	–	–	–	–
6: Dynamic & welcoming town	Business process improvement	18		24	–	311	64	69	69	24	26	28
	Customer care	19		22	–	0	–	–	–	–	–	–
	Safe, healthy and well trained staff	20		11	–	–	–	–	–	–	–	–
	Performance management			14	–	271	200	676	676	280	328	365
7: Town prepared for the future	Knysna 2020 partnerships	23		77	1 503	194	3 375	2 547	2 547	3 015	4 518	5 520
	Knysna 2020 social dialogue			–	–	181	234	234	234	40	48	55
	Operation wireless	24		164	–	2 571	690	1 675	1 675	550	570	590
Allocations to other priorities			3									
Total Capital Expenditure			1	66 078	99 783	54 213	63 011	85 420	85 420	44 890	61 015	73 024

References

1. Total capital expenditure must reconcile to Budgeted Capital Expenditure

2. Goal code must be used on Table SA36

WC048 Knysna - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Vote 1 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
And so on for the rest of the Votes										

1. Include a measurable performance objective for each revenue source (within a relevant function) and each vote (MFMA s17(3)(b))

2. Include all Basic Services performance targets from 'Basic Service Delivery' to ensure Table SA7 represents all strategic responsibilities

3. Only include prior year comparative information for individual measures where relevant activity occurred in that year/s

WC048 Knysna - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Borrowing Management											
Credit Rating		Baa2	Baa2	Baa2	Baa2	Baa2	Baa2	Baa2			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	9.4%	6.1%	8.0%	7.4%	6.6%	6.6%	6.6%	6.3%	6.0%	5.5%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	11.4%	8.9%	8.1%	9.0%	8.1%	8.1%	8.1%	7.5%	6.9%	6.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	130.4%	17.4%	121.9%	25.2%	15.0%	15.0%	15.0%	45.9%	21.3%	18.4%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	3518.3%	3529.3%	870.1%	1494.6%	1119.8%	1119.8%	1119.8%	314.7%	227.5%	166.7%
Liquidity											
Current Ratio	Current assets/current liabilities	1.2	1.2	1.4	1.2	1.3	1.3	1.3	1.2	1.3	1.3
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.2	1.2	1.4	1.2	1.3	1.3	1.3	1.2	1.3	1.3
Liquidity Ratio	Monetary Assets/Current Liabilities	0.6	0.3	0.7	0.1	0.5	0.5	0.5	0.4	0.5	0.6
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		94.7%	86.9%	84.8%	96.2%	96.4%	96.4%	96.4%	98.7%	98.9%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			94.6%	87.0%	84.6%	96.2%	96.3%	96.3%	96.3%	98.7%	98.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	17.4%	19.4%	14.5%	15.2%	13.6%	13.6%	13.6%	13.2%	12.7%	11.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		47.5%	162.8%	66.3%	335.0%	93.1%	93.1%	93.1%	94.6%	76.4%	64.4%
Other Indicators											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	7.6%	7.3%	6.9%	7.6%	7.6%	7.6%	11.5%	9.2%	9.2%	9.2%
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source	28.8%	25.8%	18.2%	28.8%	28.8%	28.8%	14.6%	16.4%	16.4%	16.4%
Employee costs	Employee costs/(Total Revenue - capital revenue)	31.6%	30.1%	26.9%	31.1%	29.4%	29.4%	29.4%	31.2%	31.3%	30.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	32.9%	31.2%	27.9%	32.4%	30.7%	30.7%		32.5%	32.5%	31.2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	13.2%	11.4%	10.7%	13.2%	12.9%	12.9%		13.5%	13.8%	13.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	14.6%	27.4%	7.7%	11.7%	8.1%	8.1%	8.1%	7.7%	6.8%	5.8%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	15.2	15.0	20.4	18.2	18.2	18.2	14.1	14.1	13.7	15.0
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	22.8%	25.3%	20.7%	18.8%	17.9%	17.9%	17.9%	16.5%	15.5%	14.6%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2.4	0.7	2.3	0.3	1.2	1.2	1.2	1.2	1.5	1.7

References

1. Consumer debtors > 12 months old are excluded from current assets

2. Only include if services provided by the municipality

WC048 Knysna - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	1996 Census	2001 Census	2007 Survey	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population												
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment												
Monthly household income (no. of households)	1, 12											
No income												
R1 - R1 600												
R1 601 - R3 200												
R3 201 - R6 400												
R6 401 - R12 800												
R12 801 - R25 600												
R25 601 - R51 200												
R52 201 - R102 400												
R102 401 - R204 800												
R204 801 - R409 600												
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area												
Number of poor people in municipal area												
Number of households in municipal area												
Number of poor households in municipal area												
Definition of poor household (R per month)												
Housing statistics	3											
Formal												
Informal												
Total number of households			-	-	-	-	-	-	-	-	-	-
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic	6											
Inflation/inflation outlook (CPIX)										5.5%	5.2%	5.3%
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases						8.3%	13.0%	8.5%	7.0%	7.0%	6.0%	5.0%
Consumption growth (electricity)						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumption growth (water)						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Collection rates	7											
Property tax/service charges												
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

WC048 Knysna Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	45 419	16 778	57 309	9 720	34 963	34 963	34 963	37 179	49 728	63 688
Cash + investments at the yr end less applications - R'000	18(1)b	2	27 464	29 151	28 488	35 574	53 982	53 982	53 982	4 857	3 321	2 833
Cash year end/monthly employee/supplier payments	18(1)b	3	2.4	0.7	2.3	0.3	1.2	1.2	1.2	1.2	1.5	1.7
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	25 176	(21 611)	98 341	19 801	39 316	39 316	39 316	25 686	50 733	65 599
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	13.8%	6.1%	7.9%	(9.4%)	(6.0%)	(6.0%)	4.8%	2.8%	3.1%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	94.6%	87.0%	84.6%	96.2%	96.3%	96.3%	96.3%	98.7%	98.8%	98.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	2.6%	4.2%	5.3%	3.5%	3.8%	3.8%	3.8%	5.1%	5.0%	4.9%
Capital payments % of capital expenditure	18(1)c;19	8	100.0%	100.0%	98.5%	100.0%	94.9%	94.9%	94.9%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	130.4%	17.4%	121.9%	25.2%	14.9%	14.9%	14.9%	45.9%	21.3%	18.4%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.7%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	32.8%	(8.3%)	3.8%	(8.2%)	0.0%	0.0%	2.1%	2.2%	2.3%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	40.8%	1.0%	7.1%	0.9%	0.0%	0.0%	(11.9%)	(14.6%)	(18.4%)
R&M % of Property Plant & Equipment	20(1)(vi)	13	10.0%	5.4%	5.7%	11.1%	6.5%	6.5%	7.2%	7.0%	7.3%	7.4%
Asset renewal % of capital budget	20(1)(vi)	14	33.5%	57.3%	40.3%	66.5%	67.3%	67.3%	0.0%	56.8%	22.0%	22.4%

References

1. Positive cash balances indicative of minimum compliance - subject to 2

2. Deduct cash and investment applications (defined) from cash balances

3. Indicative of sufficient liquidity to meet average monthly operating payments

4. Indicative of funded operational requirements

5. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)

6. Realistic average cash collection forecasts as % of annual billed revenue

7. Realistic average increase in debt impairment (doubtful debt) provision

8. Indicative of planned capital expenditure level & cash payment timing

9. Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing

10. Substantiation of National/Province allocations included in budget

11. Indicative of realistic current arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)

12. Indicative of realistic long term arrear debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)

13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection

14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection

WC048 Knysna - Supporting Table SA11 Property rates summary

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Valuation:	1									
Date of valuation:		01/10/2007	01/10/2007	01/10/2007	01/10/2007					
Financial year valuation used		2008/9	2008/9	2008/9	2008/9					
Municipal by-laws s6 in place? (Y/N)	2	Yes			Yes					
Municipal/assistant valuer appointed? (Y/N)		Yes			Yes					
Municipal partnership s38 used? (Y/N)		0								
No. of assistant valuers (FTE)	3	–								
No. of data collectors (FTE)	3	–								
No. of internal valuers (FTE)	3	–								
No. of external valuers (FTE)	3	1			1					
No. of additional valuers (FTE)	4	–								
Valuation appeal board established? (Y/N)		Yes			Yes					
Implementation time of new valuation roll (mths)		–								
No. of properties	5	17 232			17 600					
No. of sectional title values	5	1 213			1 700					
No. of unreasonably difficult properties s7(2)		–								
No. of supplementary valuations		506			900					
No. of valuation roll amendments		506			900					
No. of objections by rate payers		1 686			25					
No. of appeals by rate payers		287			3					
No. of successful objections	8	730			15					
No. of successful objections > 10%	8	430			10					
Supplementary valuation		–								
Public service infrastructure value (Rm)	5	12								
Municipality owned property value (Rm)		217								
Valuation reductions:										
Valuation reductions-public infrastructure (Rm)										
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)										
Valuation reductions-public worship (Rm)										
Valuation reductions-other (Rm)										
Total valuation reductions:		–	–	–	–	–	–	–	–	–
Total value used for rating (Rm)	5	21 895			24 074	24 074	24 074			
Total land value (Rm)	5	–	–	–	–	–	–	–	–	–
Total value of improvements (Rm)	5	–	–	–	–	–	–	–	–	–
Total market value (Rm)	5	21 895	–	–	24 074	24 074	24 074	–	–	–
Rating:										
Residential rate used to determine rate for other categories? (Y/N)		Yes	Yes	Yes	Yes			Yes		
Differential rates used? (Y/N)	5	No	No	No	No			No		
Limit on annual rate increase (s20)? (Y/N)		No	No	No	No	No	No	No	No	No
Special rating area used? (Y/N)		No	No	No	No			No		
Phasing-in properties s21 (number)		0	0	0	0	0	0	0	0	0
Rates policy accompanying budget? (Y/N)		Yes	Yes	Yes	Yes			Yes		
Fixed amount minimum value (R'000)		–	–	–	–			–		
Non-residential prescribed ratio s19? (%)		0.0%	0.0%	0.0%	0.0%			0.0%		
Rate revenue:										
Rate revenue budget (R '000)	6	80 793	108 597	116 791	124 931	125 631	125 631	140 834	149 745	157 032
Rate revenue expected to collect (R'000)	6	75 820	102 567	110 306	119 899	120 571	120 571	131 036	139 397	146 170
Expected cash collection rate (%)		93.8%	94.4%	94.4%	96.0%	96.0%	96.0%	93.0%	93.1%	93.1%
Special rating areas (R'000)	7	–	–	–	–	–	–	–	–	–
Rebates, exemptions - indigent (R'000)		–						384		–
Rebates, exemptions - pensioners (R'000)		–						1 130	1 186	1 257
Rebates, exemptions - bona fide farm. (R'000)		–	–	–	–	–	–	935	982	1 031
Rebates, exemptions - other (R'000)		16 126	18 941	21 272	23 211	22 855	22 855	20 017	20 552	21 717
Phase-in reductions/discounts (R'000)		–	–	–	–	–	–	–	–	–
Total rebates,exemptns,reductns,discs (R'000)		16 126	18 941	21 272	23 211	22 855	22 855	22 466	22 720	24 006

References

1. All numbers to be expressed as whole numbers except FTEs and Rates in the Rand

2. To give effect to rates policy

3. Full Time Equivalent (FTE) should be expressed to one decimal place and takes into account full time and part time staff

4. Required to implement new system (FTE)

5. Provide relevant information for historical comparisons. Must reconcile to the total of Table SA12

6. Current and budget year must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)

7. Included in rate revenue budget

8. In favour of the rate-payer

WC048 Knysna - Supporting Table SA12a Property rates by category (current year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Current Year 2011/12																	
Valuation:																	
No. of properties		14 850	169	517	80	458	984	72	–	–	143	–	–	–	–	151	–
No. of sectional title property values		1 250	–	320	–	–	–	–	–	–	57	–	–	–	–	–	–
No. of unreasonably difficult properties s7(2)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of supplementary valuations		900	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Supplementary valuation (Rm)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of valuation roll amendments		750	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of objections by rate-payers		100	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of appeals by rate-payers		5	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of appeals by rate-payers finalised		5	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of successful objections	5	50	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of successful objections > 10%	5	30	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Estimated no. of properties not valued		50	–	–	–	–	–		–	–	–	–	–	–	–	–	–
Years since last valuation (select)		2	–	–	–	–	–		–	–	–	–	–	–	–	–	–
Frequency of valuation (select)		4	–	–	–	–	–		–	–	–	–	–	–	–	–	–
Method of valuation used (select)		Market	–	–	–	–	–		–	–	–	–	–	–	–	–	–
Base of valuation (select)		Land & impr.	–	–	–	–	–		–	–	–	–	–	–	–	–	–
Phasing-in properties s21 (number)		0	–	–	–	–	–		–	–	–	–	–	–	–	–	–
Combination of rating types used? (Y/N)		Yes	–	–	–	–	–		–	–	–	–	–	–	–	–	–
Flat rate used? (Y/N)		No	–	–	–	–	–		–	–	–	–	–	–	–	–	–
Is balance rated by uniform rate/variable rate?		Uniform	–	–	–	–	–		–	–	–	–	–	–	–	–	–
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)																	
Valuation reductions-public worship (Rm)																	
Valuation reductions-other (Rm)	2																
Total valuation reductions:																	
Total value used for rating (Rm)	6	20 621	393	2 119	93	286	242	6	–	–	60	–	–	–	–	253	–
Total land value (Rm)	6	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total value of improvements (Rm)	6	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total market value (Rm)	6	20 621	393	2 119	93	286	242	6	–	–	60	–	–	–	–	253	–
Rating:																	
Average rate	3	0.005584	0.009678	0.009678	0.001117	0.009678	–	0.001396	–	–	0.005584	–	–	–	–	0.001396	–
Rate revenue budget (R '000)		97 051	3 803	20 508	104	2 767	–	8	–	–	336	–	–	–	–	354	–
Rate revenue expected to collect (R'000)		93 169	3 651	19 688	100	2 657	–	8	–	–	323	–	–	–	–	340	–
Expected cash collection rate (%)	4	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%	96.0%
Special rating areas (R'000)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rebates, exemptions - indigent (R'000)		69	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rebates, exemptions - pensioners (R'000)		1 109	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rebates, exemptions - bona fide farm. (R'000)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rebates, exemptions - other (R'000)		22 033	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Phase-in reductions/discounts (R'000)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total rebates,exemptns,reductns,discs (R'000)																	

References

1. Land & Assistance Act, Restitution of Land Rights, Communual Property Associations

2. Include value of additional reductions is 'free' value greater than MPRA minimum.

3. Average rate - cents in the Rand. Eg 10.26 cents in the Rand is 0.1026, expressed to 6 decimal places maximum

4. Include arrears collections

5. In favour of the rate-payer

6. Provide relevant information for historical comparisons.

WC048 Knysna - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Budget Year 2012/13																	
Valuation:																	
No. of properties		16 359	178	1 549	80	231	762	148	–	–	–	–	–	–	–	5	–
No. of sectional title property values		1 162	–	394	–	–	–	–	–	–	57	–	–	–	–	–	–
No. of unreasonably difficult properties s7(2)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of supplementary valuations		188	–	25	21	2	31	–	–	–	7	–	–	–	–	1	–
Supplementary valuation (Rm)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of valuation roll amendments		188	–	25	21	2	31	–	–	–	7	–	–	–	–	1	–
No. of objections by rate-payers		10	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of appeals by rate-payers		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of appeals by rate-payers finalised		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of successful objections	5	5	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of successful objections > 10%	5	5	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Estimated no. of properties not valued		–	–	–	–	–	–		–	–	–	–	–	–	–	–	–
Years since last valuation (select)		3															
Frequency of valuation (select)		4															
Method of valuation used (select)		Market															
Base of valuation (select)		Land & impr.															
Phasing-in properties s21 (number)		0															
Combination of rating types used? (Y/N)		Yes															
Flat rate used? (Y/N)		No															
Is balance rated by uniform rate/variable rate?		Uniform															
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)		–	–	–	–	–	–	6	–	–	–	–	–	–	–	–	–
Valuation reductions-nature reserves/park (Rm)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Valuation reductions-mineral rights (Rm)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Valuation reductions-R15,000 threshold (Rm)		195	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Valuation reductions-public worship (Rm)		112	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Valuation reductions-other (Rm)	2	650	–	–	170	–	279	–	–	–	–	–	–	–	–	12	–
Total valuation reductions:																	
Total value used for rating (Rm)	6	20 579	381	4 124	213	420	279	8	–	–	–	–	–	–	–	16	–
Total land value (Rm)	6	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total value of improvements (Rm)	6	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total market value (Rm)	6	20 579	381	4 124	213	420	279	8	–	–	–	–	–	–	–	16	–
Rating:																	
Average rate	3	0.005584	0.011167	0.011167	0.001117	0.011167	–	0.001396	–	–	–	–	–	–	–	0.001396	–
Rate revenue budget (R '000)		90 849	4 486	40 114	234	5 119	–	9	–	–	–	–	–	–	–	23	–
Rate revenue expected to collect (R'000)		84 529	4 174	37 323	218	4 763	–	9	–	–	–	–	–	–	–	21	–
Expected cash collection rate (%)	4	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%	93.0%
Special rating areas (R'000)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rebates, exemptions - indigent (R'000)		384	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rebates, exemptions - pensioners (R'000)		1 130	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rebates, exemptions - bona fide farm. (R'000)		–	–	–	935	–	–	–	–	–	–	–	–	–	–	–	–
Rebates, exemptions - other (R'000)		18 619	–	169	–	1 152	–	22	–	–	–	–	–	–	–	53	–
Phase-in reductions/discounts (R'000)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total rebates,exemptns,reductns,discs (R'000)																	

References

1. Land & Assistance Act, Restitution of Land Rights, Communual Property Associations

2. Include value of additional reductions is 'free' value greater than MPRA minimum.

3. Average rate - cents in the Rand. Eg 10.26 cents in the Rand is 0.1026, expressed to 6 decimal places maximum

4. Include arrears collections

5. In favour of the rate-payer

6. Provide relevant information for historical comparisons.

WC048 Knysna - Supporting Table SA13 Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
							Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Property rates *(rate in the Rand)*	1								
Residential properties			0.0039800	0.0049600	0.0052925	0.0055836	0.0055836	0.0058069	0.0060973
Residential properties - vacant land			0.0039800	0.0064200	0.0068500	0.0072267	0.0100505	0.0104525	0.0109751
Formal/informal settlements			0.0039800	0.0049600	0.0052925	0.0055836	0.0055836	0.0058069	0.0060973
Farm properties - used		FARMERS REGISTERED WITH RECIEVER OF REVENUE AS BONA FIDE FARMERS	0.0008000	0.0009900	0.0010585	0.0011167	0.0011670	0.0012137	0.0012744
Farm properties - not used			0.0079600	0.0085600	0.0091300	0.0096780	0.0111672	0.0116139	0.0121946
Industrial properties			0.0079600	0.0085600	0.0091300	0.0096780	0.0111672	0.0116139	0.0121946
Business and commercial properties			0.0079600	0.0085600	0.0091300	0.0096780	0.0116720	0.0121389	0.0127458
State-owned properties			0.0079600	0.0085600	0.0091300	0.0096780	0.0111672	0.0116139	0.0121946
Municipal properties			0.0079600	0.0085600	0.0091300	0.0096780	0.0111672	0.0116139	0.0121946
Public service infrastructure			0.0010000	0.0012400	0.0013230	0.0013959	0.0013960	0.0014518	0.0015244
National monuments properties		LEVIED AT EITHER RESIDENTIAL OR BUSINESS TARIFF WITH A 20 % REBATE							
Exemptions, reductions and rebates (Rands)									
Residential properties									
R15 000 threshhold rebate			15 000	15 000	15 000	15 000	15 000	15 000	15 000
General residential rebate			20%	20%	20%	20%	20%	20%	20%
Indigent rebate or exemption			100%	80%	80%	80%	80%	80%	80%
Pensioners/social grants rebate or exemption									
Income Group less than R60,000 p.a			80%	80%	80%	80%	PHASED OUT		
Income Group R60 001 - R72 000 p.a			70%	70%	70%	70%	PHASED OUT		
Income Group R72 001 - R 84 000 p.a			40%	40%	60%	60%	PHASED OUT		
Income Group R84 001 - R96 000 p.a			40%	40%	40%	40%	PHASED OUT		
Income Group R96 001 - R108 000 p.a			10%	10%	20%	20%	PHASED OUT		
Income Goup R108 001 - R120 000 p.a			10%	10%	10%	10%	PHASED OUT		
Income Group less than R72 000							80%	80%	80%
Income Group R72 000 - R90 000 p.a							60%	60%	60%
Income Group R90 001 - R108 000 p.a							40%	40%	40%
Income Group R108 001 - R144 000 p.a							20%	20%	20%
Income Group R144 000 - R180 000 p.a							5%	5%	5%
Temporary relief rebate or exemption									
Bona fide farmers rebate or exemption									
List other rebates or exemptions									
Educational			20%	50%	50%	50%	50%	50%	50%
Sport			0%	75%	75%	75%	75%	75%	75%
Additional Exemption on Domestic Properties			15 000	15 000	15 000	15 000	50 000	50 000	50 000
Retention and restoration of Historical Buildings			20%	20%	20%	20%	20%	20%	20%
Rural Properties			20%	50%	50%	50%	50%	50%	50%
Public Service Infrastructure		First 30% of market value exempted							
Water tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*			76.75	84.80	91.15	97.72	107.01	113.43	120.23
Service point - vacant land *(Rands/month)*			134.50	148.39	148.39	155.84	165.20	175.11	185.62
Water usage - flat rate tariff *(c/kl)*		NOT APPLICABLE	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Water usage - life line tariff		0 - 6kl	-	PHASED OUT					
Water usage - Block 1 (c/kl)		7 - 10kl	4.69	PHASED OUT					
Water usage - Block 2 (c/kl)		11 - 15kl	5.39	PHASED OUT					
Water usage - Block 3 (c/kl)		16 - 20kl	6.21	PHASED OUT					
Water usage - Block 4 (c/kl)		21 - 30kl	7.45	PHASED OUT					
Water usage - Block 5 (c/kl)		31 - 40kl	8.94	PHASED OUT					
Water usage - Block 6 (c/kl)		41 - 60kl	11.18	PHASED OUT					
Water usage - Block 7 (c/kl)		> than 60kl	14.53	PHASED OUT					
Water usage - life line tariff		0 - 6kl		-	-	-	-	-	-
Water usage - Block 1 (c/kl)		7 - 10kl		6.32	7.27	7.53	7.97	8.45	8.95
Water usage - Block 2 (c/kl)		11 - 20kl		10.15	11.68	12.08	12.81	13.58	14.39
Water usage - Block 3 (c/kl)		21 - 30 kl		11.68	13.43	13.89	14.73	15.61	16.54
Water usage - Block 4 (c/kl)		31 - 40 kl		12.31	14.15	14.65	15.53	16.46	17.44
Water usage - Block 5 (c/kl)		> than 40kl		20.65	23.75	24.58	26.05	27.61	29.27

WC048 Knysna - Supporting Table SA13 Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2008/9	2009/10	2010/11	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework		
							Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Waste water tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*			76.75	42.40	45.58	48.86	49.98	52.98	56.16
Service point - vacant land *(Rands/month)*			134.50	147.95	147.95	155.34	164.66	174.54	185.01
Waste water - flat rate tariff *(c/kl)*			N/A	N/A	N/A	N/A	N/A	N/A	N/A
Volumetric charge - Block 1 (c/kl)		0 - 6KL	-	PHASED OUT					
Volumetric charge - Block 2 (c/kl)		7 - 10 KL	1.40	PHASED OUT					
Volumetric charge - Block 3 (c/kl)		In Excess of 10kl with a	4.21	PHASED OUT					
		-25% reduction in monthly	-0.25	PHASED OUT					
Electricity tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*			69.00	69.00	69.00	69.00	69.00	69.00	69.00
Service point - vacant land *(Rands/month)*			93.56	102.92	140.79	140.79	155.66	172.00	190.06
FBE		All consumers on a 20Amp Circuit Breaker in Housing Schemes recieves 50kWh per month free	50kWh	50kWh	50kWh	50kWh	50kWh	50kWh	50kWh
Life-line tariff - meter		NOT APPLICABLE							
Life-line tariff - prepaid		All consumers on a 20Amp	-	-	-	-	-	-	-
Flat rate tariff - meter *(c/kwh)*			0.47	0.66	0.77	PHASED OUT			
Flat rate tariff - prepaid*(c/kwh)*			0.55	0.58	0.63	PHASED OUT			
Meter - IBT Block 1 (c/kwh)		0 - 50 kWh				0.62	0.65	0.68	0.71
Meter - IBT Block 2 (c/kwh)		51 - 350 kWh				0.71	0.81	0.92	1.05
Meter - IBT Block 3 (c/kwh)		351 - 600kWh				0.97	1.08	1.20	1.34
Meter - IBT Block 4 (c/kwh)		601 - 800 kWh				1.05	1.17	1.29	1.43
Meter - IBT Block 5 (c/kwh)		> 801 kWh				1.13	1.25	1.38	1.53
		Daily Rate				1.13	1.25	1.38	1.53
Prepaid - IBT Block 1 (c/kwh)		0 - 50 kWh				0.62	0.65	0.68	0.68
Prepaid - IBT Block 2 (c/kwh)		51 - 350 kWh				0.71	0.81	0.92	1.05
Prepaid - IBT Block 3 (c/kwh)		351 - 600kWh				0.97	1.08	1.20	1.34
Prepaid - IBT Block 4 (c/kwh)		601 - 800 kWh				1.05	1.17	1.29	1.43
Prepaid - IBT Block 5 (c/kwh)		> 801 kWh				1.13	1.25	1.38	1.53
		Daily Rate				1.13	1.25	1.38	1.53
Waste management tariffs									
Domestic									
Street cleaning charge		NOT APPLICABLE	N/A	N/A	N/A	N/A	N/A	N/A	N/A
		Montly fee for 1 removal per week, not exceeding 2 x 85 litres	79.09	43.86	47.15	50.54	50.97	53.01	55.66
Basic charge/fixed fee									
80l bin - once a week		STANDARDIZED AS PER THE ABOVE							
250l bin - once a week		STANDARDIZED AS PER THE ABOVE							

References

1 If properties are not rated or zero rated this must be indicated as such

WC048 Knysna - Supporting Table SA14 Household bills

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework			
Rand/cent		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13 % incr.	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		310.44	386.88	412.80	442.62	442.62	442.62	–	407.60	423.90	445.10
Electricity: Basic levy		69.00	69.00	69.00	69.00	69.00	69.00	–	69.00	69.00	69.00
Electricity: Consumption		465.00	655.00	786.00	928.00	928.00	928.00	10.5%	1 029.50	1 149.20	1 283.15
Water: Basic levy		76.75	84.80	91.15	97.72	97.72	97.72	6.0%	107.01	113.43	120.23
Water: Consumption		149.82	241.41	277.64	305.48	305.48	305.48	6.0%	307.28	325.70	345.10
Sanitation		76.75	42.40	45.58	48.86	48.86	48.86	6.0%	49.98	52.98	56.16
Refuse removal		79.09	43.86	47.15	50.54	50.54	50.54	3.0%	50.97	53.01	55.66
Other											
sub-total		1 226.85	1 523.35	1 729.32	1 942.22	1 942.22	1 942.22	4.1%	2 021.34	2 187.22	2 374.40
VAT on Services		128.30	159.11	184.31	209.94	209.94	209.94		225.92	246.86	270.10
Total large household bill:		1 355.15	1 682.46	1 913.63	2 152.16	2 152.16	2 152.16	4.4%	2 247.26	2 434.08	2 644.50
% increase/-decrease			24.2%	13.7%	12.5%	–	–		4.4%	8.3%	8.6%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		124.70	155.41	165.75	177.66	177.66	177.66	–	156.17	162.41	170.53
Electricity: Basic levy		69.00	69.00	69.00	69.00	69.00	69.00	–	69.00	69.00	69.00
Electricity: Consumption		231.57	326.19	391.43	462.14	462.14	462.14	10.5%	435.34	489.25	550.12
Water: Basic levy		76.75	84.80	91.15	97.72	97.72	97.72	6.0%	107.02	113.43	120.23
Water: Consumption		112.57	183.04	210.49	231.58	231.58	231.58	6.0%	233.63	247.65	262.40
Sanitation		76.75	42.40	45.58	48.86	48.86	48.86	6.0%	49.98	52.98	56.16
Refuse removal		79.09	43.86	47.15	50.54	50.54	50.54	3.0%	50.97	53.01	55.66
Other											
sub-total		770.43	904.70	1 020.55	1 137.50	1 137.50	1 137.50	(3.1%)	1 102.11	1 187.73	1 284.10
VAT on Services		90.40	104.90	119.67	134.38	134.38	134.38		132.43	143.54	155.90
Total small household bill:		860.83	1 009.60	1 140.22	1 271.88	1 271.88	1 271.88	(2.9%)	1 234.54	1 331.27	1 440.00
% increase/-decrease			17.3%	12.9%	11.5%	–	–		(2.9%)	7.8%	8.2%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		31.84	39.68	42.32	45.36	45.36	45.36	–	30.15	31.36	32.93
Electricity: Basic levy		69.00	69.00	69.00	69.00	69.00	69.00	–	–	–	–
Electricity: Consumption		5.17	7.70	7.86	9.28	9.28	9.28	10.5%	8.10	9.20	10.50
Water: Basic levy		76.75	84.80	91.15	97.72	97.72	97.72	6.0%	107.02	113.43	120.25
Water: Consumption			–	–	–	–	–	6.0%	–	–	–
Sanitation		76.75	42.40	45.58	48.86	48.86	48.86	6.0%	49.98	52.98	56.16
Refuse removal		79.09	43.86	47.15	50.54	50.54	50.54	3.0%	50.97	53.01	55.66
Other											
sub-total		338.60	287.44	303.06	320.76	320.76	320.76	(23.2%)	246.22	259.98	275.50
VAT on Services		42.95	34.69	36.50	38.56	38.56	38.56		30.25	32.01	33.96
Total small household bill:		381.55	322.13	339.56	359.32	359.32	359.32	(23.1%)	276.47	291.99	309.46
% increase/-decrease			(15.6%)	5.4%	5.8%	–	–		(23.1%)	5.6%	6.0%

References

1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water

2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water

3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)

WC048 Knysna - Supporting Table SA15 Investment particulars by type

Investment type		2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Ref	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Parent municipality										
Securities - National Government		–	–	–	–	–	–	–	–	–
Listed Corporate Bonds		–	–	–	–	–	–	–	–	–
Deposits - Bank		72 526	39 477	46 061	31 091	18 187	18 187	56 955	69 748	82 830
Deposits - Public Investment Commissioners		–	–	–	–	–	–	–	–	–
Deposits - Corporation for Public Deposits		–	–	–	–	–	–	–	–	–
Bankers Acceptance Certificates		–	–	–	–	–	–	–	–	–
Negotiable Certificates of Deposit - Banks		–	–	–	–	–	–	–	–	–
Guaranteed Endowment Policies (sinking)		–	–	–	–	–	–	–	–	–
Repurchase Agreements - Banks		–	–	–	–	–	–	–	–	–
Municipal Bonds		–	–	–	–	–	–	–	–	–
Municipality sub-total	1	72 526	39 477	46 061	31 091	18 187	18 187	56 955	69 748	82 830
Entities										
Securities - National Government		–	–	–	–	–	–	–	–	–
Listed Corporate Bonds		–	–	–	–	–	–	–	–	–
Deposits - Bank		–	–	–	–	–	–	–	–	–
Deposits - Public Investment Commissioners		–	–	–	–	–	–	–	–	–
Deposits - Corporation for Public Deposits		–	–	–	–	–	–	–	–	–
Bankers Acceptance Certificates		–	–	–	–	–	–	–	–	–
Negotiable Certificates of Deposit - Banks		–	–	–	–	–	–	–	–	–
Guaranteed Endowment Policies (sinking)		–	–	–	–	–	–	–	–	–
Repurchase Agreements - Banks		–	–	–	–	–	–	–	–	–
Entities sub-total		–	–	–	–	–	–	–	–	–
Consolidated total:		72 526	39 477	46 061	31 091	18 187	18 187	56 955	69 748	82 830

References

1. Total investments must reconcile to Budgeted Financial Position ('current' call investment deposits plus 'non-current' investments)

WC048 Knysna - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Ref 1	Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3.	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Monetary value Rand thousand	Interest to be realised Rand thousand
Parent municipality											
ANTHONY TO PROVIDE DETAILS											
Municipality sub-total										–	–
Entities											
Entities sub-total										–	–
TOTAL INVESTMENTS AND INTEREST	1									–	–

References

1. Total investments must reconcile to all items in Table SA15 for the Current Year (30 June)

2. List investments in expiry date order

WC048 Knysna - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Parent municipality										
Long-Term Loans (annuity/reducing balance)		149 866	150 680	152 722	154 650	148 524	148 524	143 028	128 182	111 919
Long-Term Loans (non-annuity)		–	–	–	–	–	–	–	–	–
Local registered stock		3 033	3 033	3 033	3 033	3 033	3 033	711	711	711
Instalment Credit		–	–	–	–	–	–	–	–	–
Financial Leases		1 977	2 283	2 218	871	1 378	1 378	1 378	1 378	1 378
PPP liabilities		–	–	–	–	–	–	–	–	–
Finance Granted By Cap Equipment Supplier		–	–	–	–	–	–	–	–	–
Marketable Bonds		–	–	–	–	–	–	–	–	–
Non-Marketable Bonds		–	–	–	–	–	–	–	–	–
Bankers Acceptances		–	–	–	–	–	–	–	–	–
Financial derivatives		–	–	–	–	–	–	–	–	–
Other Securities		–	–	–	–	–	–	–	–	–
Municipality sub-total	1	154 876	155 997	157 974	158 555	152 935	152 935	145 117	130 271	114 007
Entities										
Long-Term Loans (annuity/reducing balance)		–	–	–	–	–	–	–	–	–
Long-Term Loans (non-annuity)		–	–	–	–	–	–	–	–	–
Local registered stock		–	–	–	–	–	–	–	–	–
Instalment Credit		–	–	–	–	–	–	–	–	–
Financial Leases		–	–	–	–	–	–	–	–	–
PPP liabilities		–	–	–	–	–	–	–	–	–
Finance Granted By Cap Equipment Supplier		–	–	–	–	–	–	–	–	–
Marketable Bonds		–	–	–	–	–	–	–	–	–
Non-Marketable Bonds		–	–	–	–	–	–	–	–	–
Bankers Acceptances		–	–	–	–	–	–	–	–	–
Financial derivatives		–	–	–	–	–	–	–	–	–
Other Securities		–	–	–	–	–	–	–	–	–
Entities sub-total	1	–	–	–	–	–	–	–	–	–
Total Borrowing	1	154 876	155 997	157 974	158 555	152 935	152 935	145 117	130 271	114 007

Unspent Borrowing - Categorised by type										
Parent municipality										
Long-Term Loans (annuity/reducing balance)		19 421	10 581	21 334	8 624	–	–	–	–	–
Long-Term Loans (non-annuity)		–	–	–	–	–	–	–	–	–
Local registered stock		–	–	–	–	–	–	–	–	–
Instalment Credit		–	–	–	–	–	–	–	–	–
Financial Leases		–	–	–	–	–	–	–	–	–
PPP liabilities		–	–	–	–	–	–	–	–	–
Finance Granted By Cap Equipment Supplier		–	–	–	–	–	–	–	–	–
Marketable Bonds		–	–	–	–	–	–	–	–	–
Non-Marketable Bonds		–	–	–	–	–	–	–	–	–
Bankers Acceptances		–	–	–	–	–	–	–	–	–
Financial derivatives		–	–	–	–	–	–	–	–	–
Other Securities		–	–	–	–	–	–	–	–	–
Municipality sub-total	1	19 421	10 581	21 334	8 624	–	–	–	–	–
Entities										
Long-Term Loans (annuity/reducing balance)		–	–	–	–	–	–	–	–	–
Long-Term Loans (non-annuity)		–	–	–	–	–	–	–	–	–
Local registered stock		–	–	–	–	–	–	–	–	–
Instalment Credit		–	–	–	–	–	–	–	–	–
Financial Leases		–	–	–	–	–	–	–	–	–
PPP liabilities		–	–	–	–	–	–	–	–	–
Finance Granted By Cap Equipment Supplier		–	–	–	–	–	–	–	–	–
Marketable Bonds		–	–	–	–	–	–	–	–	–
Non-Marketable Bonds		–	–	–	–	–	–	–	–	–
Bankers Acceptances		–	–	–	–	–	–	–	–	–
Financial derivatives		–	–	–	–	–	–	–	–	–
Other Securities		–	–	–	–	–	–	–	–	–
Entities sub-total	1	–	–	–	–	–	–	–	–	–
Total Unspent Borrowing	1	19 421	10 581	21 334	8 624	–	–	–	–	–

References

1. Total borrowing must reconcile to Budgeted Financial Position (Borrowing - non-current)

WC048 Knysna - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		21 434	24 166	26 685	32 437	32 191	32 191	42 074	43 340	46 714
Local Government Equitable Share		18 083	19 283	22 279	26 687	26 687	26 687	30 859	33 272	36 395
DWA: Masibambane		59	178	–	–	–	–	–	–	–
Finance Management		721	992	992	1 250	1 250	1 250	1 250	1 250	1 450
Municipal Systems Improvement		325	548	818	790	790	790	800	900	950
CoGTA: Municipal Infrastructure Grant (MIG)		2 246	3 164	2 471	2 936	2 936	2 936	7 551	5 216	4 278
DWA: Municipal Disaster Management Grant (MDMG)		–	–	–	–	–	–	–	–	–
DME: Integrated National Electrification (INEP)		–	–	125	160	528	528	614	246	172
Expanded Public Works Programme Integrated Grant								1 000	–	–
NT: Neighbourhood Development Partnership (NDPG)		–	–	–	614	–	–	–	2 456	3 469
Provincial Government:		27 942	36 417	35 458	37 773	60 784	60 784	38 834	30 611	34 388
LG&H: Integrated Housing & Human Settlements		19 520	35 166	34 509	37 053	60 071	60 071	38 129	30 527	34 304
LG&H: Community Development Worker		30	33	26	52	45	45	81	84	84
LG&H: Housing Consumer Education		24	60	52	–	–	–	–	–	–
Emergency Housing Program		7 799	–	–	–	–	–	–	–	–
PW: Public Transport Infrastructure		41	–	–	98	98	98	–	–	–
PW: Maintenance of Proclaimed Roads		224	–	–	32	32	32	32	–	–
CA: Library Conditional Operational		285	360	511	538	538	538	592	–	–
Electricity Masterplan		20	–	–	–	–	–	–	–	–
SD: Poverty Alleviation		–	503	282	–	–	–	–	–	–
Prov Grant - Ward Based Projects		–	50	40	–	–	–	–	–	–
Prov Grant - Local Government Project Preparation		–	62	–	–	–	–	–	–	–
LG&H: Performance Management		–	184	38	–	–	–	–	–	–
District Municipality:		–	–	90	–	432	432	–	–	–
Dist Grant - LED Interns Program		–	–	–	–	432	432	–	–	–
Dist Grant - Knysna Municipality Bio Diversity		–	–	90	–	–	–	–	–	–
Dist Grant - Knysna Survey		–	–	–	–	–	–	–	–	–
Other grant providers:		395	1 149	709	–	150	150	–	–	–
Other Grant - Govern Mbeki National Housing Award		–	251	–	–	–	–	–	–	–
Other Grant - LG Seta Learnerships		395	516	76	–	–	–	–	–	–
Other Grant - IDC:Development Agency		–	218	548	–	–	–	–	–	–
Other Grant - UYF: Youth Advisory Centre		–	165	85	–	–	–	–	–	–
Other Grant - Danish Football Federation		–	–	–	–	150	150	–	–	–
Total Operating Transfers and Grants	5	49 771	61 732	62 943	70 210	93 557	93 557	80 908	73 951	81 102
Capital Transfers and Grants										
National Government:		10 840	62 804	33 163	22 523	24 889	24 889	21 109	39 589	48 712
CoGTA: Municipal Infrastructure Grant (MIG)		10 586	33 654	17 814	16 997	16 997	16 997	16 629	20 291	22 704
DME: Integrated National Electrification (INEP)		240	1 108	1 327	1 140	3 772	3 772	4 386	1 754	1 228
NT: Neighbourhood Development Partnership (NDPG)		–	–	1 399	4 386	4 120	4 120	94	17 544	24 780
Municipal Systems Improvement		–	27	–	–	–	–	–	–	–
Nat Grant - Municipal Disaster Management Grant (MDMG)		–	27 515	12 585	–	–	–	–	–	–
Nat Grant - Bulk Infrastructure Grant		–	500	–	–	–	–	–	–	–
DWA: Masibambane		14	–	–	–	–	–	–	–	–
Finance Management		–	–	38	–	–	–	–	–	–
Provincial Government:		20 374	1 824	3 106	7 720	3 735	3 735	4 000	5 000	3 000
LG&H: Integrated Housing & Human Settlements		19 778	1 818	3 087	7 018	3 000	3 000	4 000	5 000	3 000
CA: Sportsfields		–	–	–	–	–	–	–	–	–
CA: Library Conditional Operational		98	–	–	–	–	–	–	–	–
LG&H: Community Development Worker		–	–	15	–	33	33	–	–	–
PW: Public Transport Infrastructure		498	6	–	702	702	702	–	–	–
LG&H: Performance Management		–	–	4	–	–	–	–	–	–
LG&H: Thusong (Multi-Purpose) Centre		–	–	–	–	–	–	–	–	–
District Municipality:		2 565	–	200	–	–	–	–	–	–
Dist Grant - Priority Funding		2 565	–	–	–	–	–	–	–	–
Dist Grant - Karatara Water Meters		–	–	200	–	–	–	–	–	–
Other grant providers:		413	567	420	–	(51)	(51)	–	–	–
Other Grant - National Lottery(Sport & Recreation)		413	352	–	–	99	99	–	–	–
Other Grant - French Football Federation		–	–	–	–	–	–	–	–	–
Other Grant - Danish Football Federation		–	–	–	–	(150)	(150)	–	–	–
Other Grant - Govan Mbeki Housing Award		–	215	420	–	–	–	–	–	–
Total Capital Transfers and Grants	5	34 192	65 195	36 888	30 243	28 573	28 573	25 109	44 589	51 712
TOTAL RECEIPTS OF TRANSFERS & GRANTS		83 963	126 927	99 831	100 453	122 130	122 130	106 017	118 540	132 814

References

1. Each transfer/grant is listed by name as gazetted together with the name of the transferring department or municipality, donor or other organisatior 81 223 73 951 81 102

2. Amounts actually RECEIVED; not revenue recognised (objective is to confirm grants transferred) -314761 0 0

3. Replacement of RSC levies 25 567 44 589 51 712

4. Housing subsidies for housing where ownership transferred to organisations or persons outside the control of the municipality -458000 0 0

5. Total transfers and grants must reconcile to Budgeted Cash Flows

6. Motor vehicle licensing refunds to be included under 'agency' services (Not Grant Receipts)

WC048 Knysna - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		21 434	24 166	26 685	32 437	32 092	32 092	42 389	43 340	46 714
Local Government Equitable Share		18 083	19 283	22 279	26 687	26 687	26 687	30 859	33 272	36 395
DWA: Masibambane		59	178	–	–	–	–	315	–	–
Finance Management		721	992	992	1 250	1 219	1 219	1 250	1 250	1 450
Municipal Systems Improvement		325	548	818	790	722	722	800	900	950
CoGTA: Municipal Infrastructure Grant (MIG)		2 246	3 164	2 471	2 936	2 936	2 936	7 551	5 216	4 278
DWA: Municipal Disaster Management Grant (MDMG)		–	–	–	–	–	–	–	–	–
DME: Integrated National Electrification (INEP)		–	–	125	160	528	528	614	246	172
Expanded Public Works Programme Integrated Grant								1 000	–	–
NT: Neighbourhood Development Partnership (NDPG)		–	–	–	614	–	–	–	2 456	3 469
Provincial Government:		27 942	36 417	35 458	37 773	60 533	60 533	38 834	30 611	34 388
LG&H: Integrated Housing & Human Settlements		19 520	35 166	34 509	37 053	59 641	59 641	38 129	30 527	34 304
LG&H: Community Development Worker		30	33	26	52	45	45	81	84	84
LG&H: Housing Consumer Education		24	60	52	–	19	19	–	–	–
Emergency Housing Program		7 799	–	–	–	–	–	–	–	–
PW: Public Transport Infrastructure		41	–	–	98	98	98	–	–	–
PW: Maintenance of Proclaimed Roads		224	–	–	32	32	32	32	–	–
CA: Library Conditional Operational		285	360	511	538	538	538	592	–	–
Electricity Masterplan		20	–	–	–	–	–	–	–	–
SD: Poverty Alleviation		–	503	282	–	36	36	–	–	–
Prov Grant - Ward Based Projects		–	50	40	–	–	–	–	–	–
Prov Grant - Local Government Project Preparation		–	62	–	–	–	–	–	–	–
LG&H: Performance Management		–	184	38	–	125	125	–	–	–
District Municipality:		–	–	90	–	582	582	–	–	–
Dist Grant - LED Interns Program		–	–	–	–	432	432	–	–	–
Dist Grant - Knysna Municipality Bio Diversity		–	–	90	–	–	–	–	–	–
Dist Grant - Knysna Survey		–	–	–	–	150	150	–	–	–
Other grant providers:		395	1 149	709	–	264	264	–	–	–
Other Grant - Govern Mbeki National Housing Award		–	251	–	–	114	114	–	–	–
Other Grant - LG Seta Learnerships		395	516	76	–	–	–	–	–	–
Other Grant - IDC:Development Agency		–	218	548	–	–	–	–	–	–
Other Grant - UYF: Youth Advisory Centre		–	165	85	–	–	–	–	–	–
Other Grant - Danish Football Federation		–	–	–	–	150	150	–	–	–
Total operating expenditure of Transfers and Grants:		49 771	61 732	62 943	70 210	93 471	93 471	81 223	73 951	81 102
Capital expenditure of Transfers and Grants										
National Government:		10 840	62 804	33 163	22 523	28 490	28 490	21 109	39 589	48 712
CoGTA: Municipal Infrastructure Grant (MIG)		10 586	33 654	17 814	16 997	16 997	16 997	16 629	20 291	22 704
DME: Integrated National Electrification (INEP)		240	1 108	1 327	1 140	3 772	3 772	4 386	1 754	1 228
NT: Neighbourhood Development Partnership (NDPG)			–	1 399	4 386	7 721	7 721	94	17 544	24 780
Municipal Systems Improvement			27	–	–	–	–	–	–	–
Nat Grant - Municipal Disaster Management Grant (MDMG)			27 515	12 585	–	–	–	–	–	–
Nat Grant - Bulk Infrastructure Grant			500	–	–	–	–	–	–	–
DWA: Masibambane		14	–	–	–	–	–	–	–	–
Finance Management			–	38	–	–	–	–	–	–
Provincial Government:		20 374	1 824	3 106	7 720	3 935	3 935	4 458	5 000	3 000
LG&H: Integrated Housing & Human Settlements		19 778	1 818	3 087	7 018	3 000	3 000	4 000	5 000	3 000
CA: Sportsfields		–	–	–	–	200	200	–	–	–
CA: Library Conditional Operational		98	–	–	–	–	–	–	–	–
LG&H: Community Development Worker		–	–	15	–	33	33	–	–	–
PW: Public Transport Infrastructure		498	6	–	702	702	702	458	–	–
LG&H: Performance Management		–	–	4	–	–	–	–	–	–
LG&H: Thusong (Multi-Purpose) Centre		–	–	–	–	–	–	–	–	–
District Municipality:		2 565	–	200	–	–	–	–	–	–
Dist Grant - Priority Funding		2 565	–	–	–	–	–	–	–	–
Dist Grant - Karatara Water Meters		–	–	200	–	–	–	–	–	–
Other grant providers:		413	567	420	–	465	465	–	–	–
Other Grant - National Lottery(Sport & Recreation)		413	352	–	–	–	–	–	–	–
Other Grant - French Football Federation		–	–	–	–	465	465	–	–	–
Other Grant - Danish Football Federation		–	–	–	–	–	–	–	–	–
Other Grant - Govan Mbeki Housing Award		–	215	420	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		34 192	65 195	36 888	30 243	32 889	32 889	25 567	44 589	51 712
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		83 963	126 927	99 831	100 453	126 360	126 360	106 790	118 540	132 814

References

1. Expenditure must be separately listed for each transfer or grant received or recognised

WC048 Knysna - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year			–	–	(0)	(99)	(99)	315	(0)	(0)
Current year receipts		21 434	24 166	26 685	32 437	32 191	32 506	42 074	43 340	46 714
Conditions met - transferred to revenue		21 434	24 166	26 685	32 437	32 092	32 092	42 389	43 340	46 714
Conditions still to be met - transferred to liabilities		–	–	–	(0)	(0)	315	(0)	(0)	(0)
Provincial Government:										
Balance unspent at beginning of the year			–	–	(2 126)	(250)	(250)	–	–	–
Current year receipts		27 942	36 417	35 458	37 769	60 780	60 780	38 834	30 611	34 388
Conditions met - transferred to revenue		27 942	36 417	35 458	37 769	60 530	60 530	38 834	30 611	34 388
Conditions still to be met - transferred to liabilities		–	–	–	(2 126)	–	–	–	–	–
District Municipality:										
Balance unspent at beginning of the year			–	–	–	150	150	–	–	–
Current year receipts		–	–	90	–	432	432	–	–	–
Conditions met - transferred to revenue		–	–	90	–	582	582	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year			–	–	77	429	114	–	–	–
Current year receipts		395	1 149	709	–	150	150	–	–	–
Conditions met - transferred to revenue		395	1 149	709	–	264	264	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	77	315	–	–	–	–
Total operating transfers and grants revenue		49 771	61 732	62 943	70 206	93 468	93 468	81 223	73 951	81 102
Total operating transfers and grants - CTBM	2	–	–	–	(2 049)	315	315	(0)	(0)	(0)
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year			–	–	0	658	658	–	–	–
Current year receipts		10 840	62 804	33 163	22 523	24 889	24 889	21 109	39 589	48 712
Conditions met - transferred to revenue		10 840	62 804	33 163	22 523	25 547	25 547	21 109	39 589	48 712
Conditions still to be met - transferred to liabilities		–	–	–	0	–	–	–	–	–
Provincial Government:										
Balance unspent at beginning of the year			–	–	458	658	658	458	0	0
Current year receipts		20 374	1 824	3 106	7 720	3 735	3 735	4 000	5 000	3 000
Conditions met - transferred to revenue		20 374	1 824	3 106	7 720	3 935	3 935	4 458	5 000	3 000
Conditions still to be met - transferred to liabilities		–	–	–	458	458	458	0	0	0
District Municipality:										
Balance unspent at beginning of the year			–	–	–	–	–	–	–	–
Current year receipts		2 565	–	200	–	–	–	–	–	–
Conditions met - transferred to revenue		2 565	–	200	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	–	–	–	–	–	–
Other grant providers:										
Balance unspent at beginning of the year			–	–	150	516	516	–	–	–
Current year receipts		413	567	420	–	(51)	(51)	–	–	–
Conditions met - transferred to revenue		413	567	420	–	465	465	–	–	–
Conditions still to be met - transferred to liabilities		–	–	–	150	–	–	–	–	–
Total capital transfers and grants revenue		34 192	65 195	36 888	30 243	29 947	29 947	25 567	44 589	51 712
Total capital transfers and grants - CTBM	2	–	–	–	609	458	458	0	0	0
TOTAL TRANSFERS AND GRANTS REVENUE		83 963	126 927	99 831	100 449	123 416	123 416	106 790	118 540	132 814
TOTAL TRANSFERS AND GRANTS - CTBM		–	–	–	(1 441)	773	773	0	0	0

References

1. Total capital transfers and grants revenue must reconcile to Budgeted Financial Performance and Financial Position; total recurrent grants revenue
2. CTBM = conditions to be met
3. National Treasury database will require this reconciliation for each transfer/grant

WC048 Knysna - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash Transfers to other municipalities											
Insert description	1										
Total Cash Transfers To Municipalities:		–	–	–	–	–	–	–	–	–	–
Cash Transfers to Entities/Other External Mechanisms											
Insert description	2										
Total Cash Transfers To Entities/Ems'		–	–	–	–	–	–	–	–	–	–
Cash Transfers to other Organs of State											
Insert description	3										
Total Cash Transfers To Other Organs Of State:		–	–	–	–	–	–	–	–	–	–
Cash Transfers to Organisations											
Leisure Isle Residents Association	4	–	–	–	–	30	30	30	32	34	36
Animal Welfare		120	200	214	214	214	214	214	225	237	249
Grants-in-aid and Donations		567	622	721	686	725	725	725	747	769	792
Knysna Tourism		4 000	4 000	4 240	4 495	4 495	4 495	4 495	4 000	4 000	4 000
Local Economic Development		–	–	–	–	–	–	–	–	–	–
HIV/AIDS		–	–	–	–	–	–	–	–	–	–
Total Cash Transfers To Organisations		4 687	4 822	5 175	5 395	5 464	5 464	5 464	5 004	5 040	5 077
Cash Transfers to Groups of Individuals											
Bursary Scheme	5	198	220	195	246	225	225	225	232	239	246
Grants-in-aid and Donations		117	310	473	150	182	182	182	–	–	–
Total Cash Transfers To Groups Of Individuals:		315	530	668	396	407	407	407	232	239	246
TOTAL CASH TRANSFERS AND GRANTS	6	5 003	5 352	5 843	5 791	5 871	5 871	5 871	5 236	5 279	5 323
Non-Cash Transfers to other municipalities											
Insert description	1										
Total Non-Cash Transfers To Municipalities:		–	–	–	–	–	–	–	–	–	–
Non-Cash Transfers to Entities/Other External Mechanisms											
Knysna Economic Development Agency	2	–	5	–	–	–	–	–	–	–	–
Total Non-Cash Transfers To Entities/Ems'		–	5	–	–	–	–	–	–	–	–
Non-Cash Transfers to other Organs of State											
Insert description	3										
Total Non-Cash Transfers To Other Organs Of State:		–	–	–	–	–	–	–	–	–	–
Non-Cash Grants to Organisations											
Insert description	4										
Total Non-Cash Grants To Organisations		–	–	–	–	–	–	–	–	–	–
Groups of Individuals											
Insert description	5										
Total Non-Cash Grants To Groups Of Individuals:		–	–	–	–	–	–	–	–	–	–
TOTAL NON-CASH TRANSFERS AND GRANTS		–	5	–	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS	6	5 003	5 357	5 843	5 791	5 871	5 871	5 871	5 236	5 279	5 323

References

1. Insert description listed by municipal name and demarcation code of recipient

2. Insert description of each entity or external mechanism (an external mechanism may be provided with resources to ensure a minimum level of service) 5236000 5279000 5323000

3. Insert description of each Organ of State (e.g. transfer to electricity provider to compensate for FBS provided) 0 0 0

4. Insert description of each other organisation (e.g. charity)

5 Insert description of each other organisation (e.g. the aged, child-headed households)

6. All descriptions should separate transfers for 'capital purposes' and 'operating purposes'

WC048 Knysna - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		2 542	2 737	2 933	3 844	3 844	3 844	3 961	4 159	4 366
Pension and UIF Contributions		151	164	171	182	182	182	187	197	206
Medical Aid Contributions		55	56	63	73	73	73	75	79	83
Motor Vehicle Allowance		953	1 022	1 093	1 407	1 407	1 407	1 450	1 523	1 599
Cellphone Allowance		189	203	218	273	273	273	281	295	310
Housing Allowances		120	120	110	120	–	–	124	130	136
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors		4 009	4 302	4 588	5 899	5 779	5 779	6 078	6 382	6 701
% increase	4		7.3%	6.6%	28.6%	(2.0%)	–	5.2%	5.0%	5.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		4 483	5 253	4 677	5 403	4 984	4 984	5 322	5 617	5 898
Pension and UIF Contributions		597	726	674	793	687	687	780	823	864
Medical Aid Contributions		72	86	53	74	56	56	63	67	70
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		539	100	164	879	604	604	762	804	844
Motor Vehicle Allowance	3	530	643	445	527	499	499	558	589	619
Cellphone Allowance	3	82	–	–	75	–	–	–	–	–
Housing Allowances	3	9	10	–	6	3	3	–	–	–
Other benefits and allowances	3	44	108	116	84	216	216	194	205	215
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		6 356	6 926	6 129	7 840	7 049	7 049	7 678	8 104	8 509
% increase	4		9.0%	(11.5%)	27.9%	(10.1%)	–	8.9%	5.5%	5.0%
Other Municipal Staff										
Basic Salaries and Wages		55 100	60 109	70 968	82 311	78 824	78 824	90 712	96 154	100 959
Pension and UIF Contributions		9 219	11 820	12 141	14 206	13 554	13 554	15 438	16 364	17 178
Medical Aid Contributions		6 495	8 732	7 032	9 014	8 031	8 031	9 830	10 420	10 941
Overtime		5 175	6 030	7 317	6 205	8 830	8 830	7 136	7 563	7 937
Performance Bonus		4 049	4 836	5 319	6 017	5 812	5 812	6 606	7 002	7 352
Motor Vehicle Allowance	3	2 152	2 213	2 732	2 681	2 428	2 428	3 004	3 174	3 326
Cellphone Allowance	3	–	–	–	–	–	–	–	–	–
Housing Allowances	3	1 332	1 292	1 351	1 766	1 572	1 572	1 959	2 077	2 180
Other benefits and allowances	3	2 796	3 869	3 482	3 759	3 677	3 677	3 944	4 179	4 384
Payments in lieu of leave		1 060	1 008	1 264	1 541	1 541	1 541	1 331	1 409	1 481
Long service awards		747	793	1 129	1 246	1 246	1 246	1 291	1 368	1 436
Post-retirement benefit obligations	6	6 121	6 824	6 153	6 776	6 776	6 776	7 032	7 454	7 827
Sub Total - Other Municipal Staff		94 246	107 527	118 888	135 522	132 292	132 292	148 282	157 163	165 002
% increase	4		14.1%	10.6%	14.0%	(2.4%)	–	12.1%	6.0%	5.0%
Total Parent Municipality		104 612	118 755	129 604	149 260	145 120	145 120	162 038	171 648	180 212
			13.5%	9.1%	15.2%	(2.8%)	–	11.7%	5.9%	5.0%
Board Members of Entities										
Basic Salaries and Wages		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Board Members of Entities		–	–	–	–	–	–	–	–	–
% increase	4		–	–	–	–	–	–	–	–
Senior Managers of Entities										
Basic Salaries and Wages		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Entities		–	–	–	–	–	–	–	–	–
% increase	4		–	–	–	–	–	–	–	–
Other Staff of Entities										
Basic Salaries and Wages		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations	6	–	–	–	–	–	–	–	–	–
Sub Total - Other Staff of Entities		–	–	–	–	–	–	–	–	–
% increase	4		–	–	–	–	–	–	–	–
Total Municipal Entities		–	–	–	–	–	–	–	–	–
TOTAL SALARY, ALLOWANCES & BENEFITS		104 612	118 755	129 604	149 260	145 120	145 120	162 038	171 648	180 212
% increase	4		13.5%	9.1%	15.2%	(2.8%)	–	11.7%	5.9%	5.0%
TOTAL MANAGERS AND STAFF	5	100 602	114 453	125 016	143 362	139 341	139 341	155 961	165 267	173 511

References

1. Include 'Loans and advances' where applicable if any reportable amounts until phased compliance with s164 of MFMA achieved

2. s57 of the Systems Act

3. In kind benefits (e.g. provision of living quarters) must be shown as the cost (full market value) to the municipality, as part of the relevant allowance

4. B/A, C/B, D/C, E/C, F/C, G/D, H/D, I/D

5. Must agree to the sub-total appearing on Table A1 (Employee costs)

6. Includes pension payments and employer contributions to medical aid

Column Definitions:

A, B and C. Audited actual as per the audited financial statements. If audited amounts are unavailable, unaudited amounts must be provided with a note stating these are unaudited

D. The original budget approved by council for the budget year.

E. The budget for the budget year as adjusted by council resolution in terms of section 28 of the MFMA.

F. An estimate of final actual amounts (pre audit) for the current year at the point in time of preparing the budget for the budget year. This may differ from E.

G. The amount to be appropriated for the budget year.

H and I. The indicative projection

WC048 Knysna - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Ref	No.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Councillors	3							
Speaker	4	1	306 366	45 955	170 247			522 568
Chief Whip		–	–	–	–			–
Executive Mayor		1	434 416	34 379	177 043			645 838
Deputy Executive Mayor		1	378 287	–	145 518			523 805
Executive Committee		4	1 361 035	44 565	562 913			1 968 513
Total for all other councillors		12	1 480 373	137 270	799 340			2 416 983
Total Councillors	8	19	3 960 477	262 169	1 855 061			6 077 707
Senior Managers of the Municipality	5							
Municipal Manager (MM)		1	1 006 715	181 209	101 850	180 751		1 470 525
Chief Finance Officer		1	1 052 440	–	70 068	157 175		1 279 683
Director: Corporate Services		1	730 306	131 455	102 320	135 088		1 099 169
Director: Planning & Development		1	762 584	137 265	64 232	135 088		1 099 169
Director: Technical Services		1	752 188	135 394	84 605	136 429		1 108 616
Director: Community Services		1	605 973	132 340	101 850	117 805		957 968
Senior Manager: Electrotechnical Services		1	411 778	113 754	102 961	34 315		662 808
-		–	–	–	–	–		–
								–
Total Senior Managers of the Municipality	8	7	5 321 984	831 417	627 886	896 651		7 677 938
A Heading for Each Entity List each member of board by designation	6,7							
-		–	–	–	–	–		–
								–
Total for municipal entities	8	–	–	–	–	–		–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION		26	9 282 461	1 093 586	2 482 947	896 651		13 755 645

References

1. Pension and medical aid

2. Total package must equal the total cost to the municipality

3. List each political office bearer by designation. Provide a total for all other councillors

4. Political office bearer is defined in MFMA s 1: speaker, executive mayor, deputy executive mayor, member of executive committee, mayor, deputy mayor, member of mayoral committee, the councillor designated to exercise powers and duties of mayor (MSA s 57)

5. Also list each senior manager reporting to MM by designation and each official with package >= senior manager by designation

6. List each entity where municipality has an interest and state percentage ownership and control

7. List each senior manager reporting to the CEO of an Entity by designation

8. Must reconcile to relevant section of Table SA24

9. Must reconcile to totals shown for the budget year of Table SA22

WC048 Knysna - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2010/11			Current Year 2011/12			Budget Year 2012/13		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		19	–	19	19	–	19	19	–	19
Board Members of municipal entities	4	–	–	–	–	–	–	–	–	–
Municipal employees	5									
Municipal Manager and Senior Managers	3	7	–	7	15	8	7	14	8	6
Other Managers	7	28	24	4	32	28	4	30	28	2
Professionals		*50*	*46*	–	*56*	*56*	–	*56*	*56*	–
Finance		18	16	–	10	10	–	10	10	–
Spatial/town planning		1	1	–	9	9	–	9	9	–
Information Technology		2	2	–	2	2	–	2	2	–
Roads		–	–	–	2	2	–	2	2	–
Electricity		1	1	–	3	3	–	3	3	–
Water		–	–	–	4	4	–	4	4	–
Sanitation		–	–	–	–		–	–	–	–
Refuse		–	–	–	2	2	–	2	2	–
Other		28	26	–	24	24	–	24	24	–
Technicians		*9*	*8*	–	*30*	*30*	–	*33*	*30*	*3*
Finance		–	–	–	10	10	–	10	10	–
Spatial/town planning		2	1	–	6	6	–	6	6	–
Information Technology		2	2	–	3	3	–	5	3	2
Roads		–	–	–	–	–	–	–	–	–
Electricity		–	–	–	–	–	–	1	–	1
Water		5	5	–	1	1	–	1	1	–
Sanitation		–	–	–	–	–	–	–	–	–
Refuse		–	–	–	1	1	–	1	1	–
Other		–	–	–	9	9	–	9	9	–
Clerks (Clerical and administrative)		191	152	21	159	138	21	174	138	36
Service and sales workers		83	55	20	54	34	20	65	34	31
Skilled agricultural and fishery workers		–	–	–	–	–	–	–	–	–
Craft and related trades		36	35	1	81	80	1	80	80	–
Plant and Machine Operators		44	42	–	41	41	–	41	41	–
Elementary Occupations		412	301	100	389	289	100	407	289	118
TOTAL PERSONNEL NUMBERS		879	663	172	876	704	172	919	704	215
% increase					(0.3%)	6.2%	–	4.9%	–	25.0%
Total municipal employees headcount	6	860	663	153	857	704	153	900	704	196
Finance personnel headcount	8	79	79	2	90	88	2	89	88	1
Human Resources personnel headcount	8	7	7	1	8	7	1	8	7	1

References

1. Positions must be funded and aligned to the municipality's current organisational structure

2. Full Time Equivalent (FTE). E.g. One full time person = 1FTE. A person working half time (say 4 hours out of 8) = 0.5FTE.

3. s57 of the Systems Act

4. Include only in Consolidated Statements

5. Include municipal entity employees in Consolidated Statements

6. Include headcount (number fo persons, Not FTE) of managers and staff only (exclude councillors)

7. Managers who provide the direction of a critical technical function

8. Total number of employees working on these functions

WC048 Knysna - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source																
Property rates		140 834	–	–	–	–	–	–	–	–	–	–	–	140 834	149 745	157 032
Property rates - penalties & collection charges		213	213	213	213	213	213	213	213	213	213	213	214	2 557	2 685	2 819
Service charges - electricity revenue		17 640	14 865	14 484	14 301	13 976	14 383	15 133	14 089	14 230	14 468	14 014	16 425	178 007	199 403	226 421
Service charges - water revenue		13 269	2 965	2 570	2 069	2 504	2 566	3 771	2 865	2 841	3 027	2 181	2 486	43 113	45 592	48 217
Service charges - sanitation revenue		9 434	52	52	51	52	50	53	52	52	51	51	51	10 001	10 573	11 182
Service charges - refuse revenue		13 543	5	5	4	4	3	3	4	2	5	5	5	13 590	14 112	14 798
Service charges - other		295	256	295	252	262	267	256	262	282	266	267	258	3 219	3 460	3 718
Rental of facilities and equipment		329	251	312	319	321	314	416	354	345	347	351	939	4 598	4 919	5 268
Interest earned - external investments		96	96	750	96	96	1 077	750	750	750	750	750	1 743	7 701	9 309	10 934
Interest earned - outstanding debtors		376	381	365	402	379	374	328	338	317	325	206	243	4 034	3 712	3 813
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines		292	288	252	340	350	286	294	295	368	282	129	331	3 506	3 845	4 162
Licences and permits		129	124	129	147	132	102	180	170	182	162	180	162	1 798	1 941	2 110
Agency services		147	147	137	161	140	133	142	138	123	132	145	145	1 691	1 700	1 709
Transfers recognised - operational		16 795	3 875	3 941	3 759	5 048	11 946	3 790	4 987	10 905	3 736	3 884	8 556	81 223	73 951	81 102
Other revenue		833	263	275	158	3	181	169	183	123	124	90	795	3 198	3 248	3 416
Gains on Disposal of Assets		2	2	2	2	2	2	2	2	2	2	2	166	186	150	200
Total Revenue (excluding capital transfers and contributions		214 228	23 783	23 782	22 274	23 483	31 898	25 498	24 701	30 734	23 890	22 468	32 518	499 256	528 345	576 901
Expenditure By Type																
Employee related costs		19 358	12 096	11 456	11 457	17 733	11 886	12 448	11 840	11 805	12 296	12 387	11 199	155 961	165 267	173 511
Remuneration of councillors		469	469	469	469	469	469	501	579	511	511	511	651	6 078	6 382	6 701
Debt impairment		1 668	1 668	1 668	1 668	1 668	1 668	1 668	1 668	1 668	1 668	1 668	1 876	20 220	21 542	23 106
Depreciation & asset impairment		1 826	1 826	1 826	1 826	1 826	1 826	1 826	1 826	1 826	1 826	1 826	1 827	21 910	21 671	20 937
Finance Charges		20	20	970	20	20	6 745	20	20	20	20	20	8 416	16 309	14 462	12 597
Bulk purchases		72	15 590	17 552	8 813	7 792	7 792	7 792	7 792	7 792	7 792	7 792	22 606	119 175	137 051	159 664
Other materials		686	902	2 037	3 060	1 039	1 181	1 462	682	452	1 114	851	1 542	15 008	15 844	16 779
Contracted services		571	1 223	1 664	1 609	1 234	2 218	991	1 241	892	1 007	836	1 523	15 010	15 806	16 660
Transfers & Grants		733	386	428	427	441	424	482	423	451	447	506	88	5 236	5 279	5 323
Other expenditure		9 138	9 258	10 120	8 888	10 370	7 773	10 732	11 192	11 625	11 108	10 105	13 921	124 231	118 898	127 737
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		34 540	43 438	48 189	38 236	42 590	41 982	37 920	37 261	37 040	37 789	36 502	63 648	499 137	522 201	563 014
Surplus/(Deficit)		179 688	(19 655)	(24 407)	(15 963)	(19 107)	(10 085)	(12 422)	(12 561)	(6 306)	(13 900)	(14 034)	(31 130)	119	6 144	13 887
Transfers recognised - capital		682	932	2 861	2 327	2 819	1 826	1 772	1 589	1 799	3 900	3 842	1 218	25 567	44 589	51 712
Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contributed assets		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		180 369	(18 722)	(21 546)	(13 636)	(16 288)	(8 259)	(10 650)	(10 972)	(4 507)	(9 999)	(10 192)	(29 912)	25 686	50 733	65 599
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	180 369	(18 722)	(21 546)	(13 636)	(16 288)	(8 259)	(10 650)	(10 972)	(4 507)	(9 999)	(10 192)	(29 912)	25 686	50 733	65 599

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

WC048 Knysna - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote																
Vote 1 - Executive & Council		2 370	33	2	70	1 237	407	70	1 306	306	2	2	181	5 986	6 398	7 030
Vote 2 - Corporate Services		620	126	126	168	156	156	255	184	184	184	196	793	3 147	3 250	3 465
Vote 3 - Financial Services		141 630	611	1 305	445	445	1 414	1 070	1 075	1 096	1 062	1 230	3 034	154 418	165 176	174 507
Vote 4 - Strategic Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - Planning & Development		3 290	3 504	3 965	3 990	3 975	3 440	3 732	3 639	4 242	4 250	4 090	4 143	46 260	59 704	69 216
Vote 6 - Community Services		17 231	915	1 082	1 155	1 326	3 438	1 475	1 443	2 869	969	851	1 351	34 104	38 535	44 913
Vote 7 - Elelctrical Services		21 609	15 310	14 919	14 710	14 391	17 336	15 542	14 503	16 838	14 878	14 419	16 833	191 287	210 497	239 831
Vote 8 - Technical Services		28 159	4 215	5 245	4 063	4 773	7 532	5 125	4 139	6 999	6 446	5 523	7 401	89 621	89 374	89 651
Total Revenue by Vote		214 909	24 715	26 643	24 600	26 302	33 724	27 270	26 289	32 533	27 790	26 310	33 736	524 823	572 934	628 613
Expenditure by Vote to be appropriated																
Vote 1 - Executive & Council		10 753	1 596	1 588	1 447	2 106	1 967	2 004	2 086	2 133	1 763	1 880	2 110	31 433	32 749	34 060
Vote 2 - Corporate Services		1 061	964	1 078	1 699	2 805	(1 432)	1 436	1 783	1 058	1 363	1 096	1 797	14 707	15 370	15 663
Vote 3 - Financial Services		3 313	3 667	3 343	3 118	4 058	4 050	3 230	3 488	3 631	4 792	3 994	(18 654)	22 032	23 980	25 789
Vote 4 - Strategic Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - Planning & Development		4 509	4 592	4 538	4 602	4 977	5 540	4 930	5 898	6 055	5 562	5 375	5 270	61 850	56 310	61 108
Vote 6 - Community Services		5 735	6 789	7 251	6 427	8 615	7 173	7 873	6 689	6 236	6 919	6 768	7 683	84 159	87 967	92 221
Vote 7 - Elelctrical Services		1 568	17 582	20 144	10 719	9 867	11 674	9 964	9 636	9 663	9 798	9 506	50 372	170 492	190 111	214 469
Vote 8 - Technical Services		7 601	8 248	10 246	10 224	10 163	13 009	8 483	7 681	8 264	7 592	7 883	15 070	114 464	115 715	119 705
Total Expenditure by Vote		34 540	43 438	48 189	38 236	42 590	41 982	37 920	37 261	37 040	37 789	36 502	63 648	499 137	522 201	563 014
Surplus/(Deficit) before assoc.		180 369	(18 722)	(21 546)	(13 636)	(16 288)	(8 259)	(10 650)	(10 972)	(4 507)	(9 999)	(10 192)	(29 912)	25 686	50 733	65 599
Taxation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Attributable to minorities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	180 369	(18 722)	(21 546)	(13 636)	(16 288)	(8 259)	(10 650)	(10 972)	(4 507)	(9 999)	(10 192)	(29 912)	25 686	50 733	65 599

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

WC048 Knysna - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard																
Governance and administration		144 656	771	1 505	722	1 874	1 977	1 588	2 564	1 685	1 301	1 464	4 389	164 497	195 502	214 051
Executive and council		2 370	33	2	70	1 237	407	70	1 306	306	2	2	181	5 986	6 398	7 030
Budget and treasury office		141 630	611	1 304	445	445	1 414	1 070	1 074	1 096	1 062	1 229	3 011	154 391	165 144	174 472
Corporate services		656	127	199	207	192	157	448	184	283	237	233	1 197	4 120	23 960	32 549
Community and public safety		3 639	3 833	4 463	4 439	4 699	4 262	4 457	4 444	4 695	4 597	4 298	4 866	52 692	49 420	56 724
Community and social services		130	103	308	283	461	597	591	550	154	140	150	455	3 922	6 725	10 988
Sport and recreation		79	79	79	79	79	79	79	79	79	80	87	87	966	1 034	1 111
Public safety		296	303	268	297	344	304	304	331	379	289	128	341	3 583	4 040	5 832
Housing		3 134	3 348	3 808	3 780	3 815	3 283	3 483	3 483	4 083	4 088	3 934	3 983	44 221	37 621	38 793
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		433	427	635	686	882	598	622	561	551	552	576	1 653	8 175	7 857	12 362
Planning and development		157	156	156	210	159	158	164	157	151	162	156	159	1 945	2 083	2 174
Road transport		276	271	479	476	722	440	458	404	400	390	420	1 494	6 230	5 774	10 188
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		66 181	19 683	20 040	18 753	18 847	26 886	20 604	18 721	25 603	21 341	19 972	22 828	299 459	320 155	345 476
Electricity		21 609	15 310	14 919	14 710	14 391	17 336	15 542	14 503	16 838	14 878	14 419	16 833	191 287	210 397	238 331
Water		16 176	3 748	3 373	2 737	3 181	4 976	4 359	3 508	4 928	3 672	2 658	4 334	57 649	68 792	64 986
Waste water management		11 997	517	1 636	1 169	1 157	2 400	576	587	1 937	2 676	2 784	1 551	28 988	18 415	18 177
Waste management		16 399	109	112	138	119	2 173	126	122	1 901	115	112	111	21 535	22 551	23 982
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue - Standard		214 909	24 715	26 643	24 600	26 302	33 724	27 270	26 289	32 533	27 790	26 310	33 736	524 823	572 934	628 613
Expenditure - Standard																
Governance and administration		16 174	7 129	6 872	7 129	10 523	5 554	7 447	8 506	8 032	8 746	7 806	(11 961)	81 958	86 659	90 848
Executive and council		10 753	1 596	1 588	1 447	2 106	1 967	2 004	2 086	2 133	1 763	1 880	2 110	31 433	32 749	34 060
Budget and treasury office		3 396	3 692	3 355	3 183	3 891	4 108	3 268	3 526	3 687	4 315	4 023	(18 924)	21 521	23 445	25 226
Corporate services		2 025	1 841	1 929	2 499	4 527	(521)	2 174	2 894	2 212	2 668	1 903	4 853	29 004	30 465	31 561
Community and public safety		7 791	8 231	8 957	7 980	9 603	9 739	9 361	9 133	9 408	9 099	8 932	9 072	107 306	103 870	111 381
Community and social services		904	1 016	953	970	1 383	1 141	1 130	1 050	968	1 037	1 092	1 083	12 726	12 820	13 493
Sport and recreation		1 160	1 262	2 266	1 275	1 725	1 299	1 152	1 061	1 137	1 180	1 112	1 219	15 850	16 737	17 606
Public safety		1 997	2 154	2 015	2 024	2 475	2 607	2 942	2 013	1 993	2 194	2 235	2 561	27 208	28 872	30 582
Housing		3 378	3 430	3 393	3 380	3 508	4 276	3 685	4 638	4 966	4 337	4 111	3 906	47 008	40 669	44 688
Health		350	369	330	332	513	416	452	371	345	351	382	304	4 514	4 773	5 012
Economic and environmental services		2 878	3 048	3 207	3 042	4 033	4 050	3 794	3 078	2 792	3 260	3 243	5 164	41 589	42 048	43 424
Planning and development		556	554	550	613	696	645	565	587	592	589	616	588	7 150	7 539	7 912
Road transport		2 181	2 350	2 510	2 283	3 139	3 256	3 027	2 287	2 169	2 505	2 459	4 405	32 571	32 545	33 455
Environmental protection		141	143	147	146	199	149	202	203	31	167	169	171	1 867	1 963	2 057
Trading services		7 697	25 030	29 153	20 086	18 431	22 639	17 319	16 545	16 807	16 685	16 521	61 373	268 285	289 624	317 361
Electricity		1 182	17 197	19 776	10 323	9 418	11 237	9 568	9 252	9 288	9 426	9 140	49 881	165 690	184 792	208 505
Water		3 091	3 527	5 085	5 706	4 140	5 443	3 172	3 138	3 160	3 028	3 367	6 560	49 416	51 868	54 633
Waste water management		2 174	2 546	2 790	2 383	2 730	4 424	2 751	2 166	2 763	2 369	2 296	2 482	31 874	30 625	30 848
Waste management		1 250	1 759	1 502	1 674	2 143	1 535	1 828	1 988	1 597	1 862	1 717	2 450	21 305	22 340	23 375
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure - Standard		34 540	43 438	48 189	38 236	42 590	41 982	37 920	37 261	37 040	37 789	36 502	63 648	499 137	522 201	563 014
Surplus/(Deficit) before assoc.		180 369	(18 722)	(21 546)	(13 636)	(16 288)	(8 259)	(10 650)	(10 972)	(4 507)	(9 999)	(10 192)	(29 912)	25 686	50 733	65 599
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	180 369	(18 722)	(21 546)	(13 636)	(16 288)	(8 259)	(10 650)	(10 972)	(4 507)	(9 999)	(10 192)	(29 912)	25 686	50 733	65 599

References

1. Surplus (Deficit) must reconcile with Budeted Financial Performance

WC048 Knysna - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Multi-year expenditure *to be appropriated*	1															
Vote 1 - Executive & Council		–	–	–	–	–	–	–	200	200	200	200	200	1 000	2 500	3 500
Vote 2 - Corporate Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 3 - Financial Services		–	–	22	5	110	100	–	450	850	835	450	178	3 000	1 000	–
Vote 4 - Strategic Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - Planning & Development		–	400	400	400	400	600	600	400	400	400	–	94	4 094	22 544	27 780
Vote 6 - Community Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - Elelctrical Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 8 - Technical Services		163	163	1 272	809	809	486	228	228	228	2 332	3 678	1 413	11 808	15 940	10 550
Capital multi-year expenditure sub-total	2	163	563	1 694	1 214	1 319	1 186	828	1 278	1 678	3 767	4 328	1 885	19 902	41 984	41 830
Single-year expenditure *to be appropriated*																
Vote 1 - Executive & Council		8	3	107	440	258	424	290	378	110	30	–	8	2 055	2 066	2 075
Vote 2 - Corporate Services		–	–	15	4	–	–	4	–	–	–	2	–	24	26	28
Vote 3 - Financial Services		–	–	10	6	6	26	6	28	75	220	220	20	615	637	660
Vote 4 - Strategic Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - Planning & Development		1	108	531	285	309	181	178	173	193	204	36	32	2 232	2 462	1 595
Vote 6 - Community Services		35	35	171	868	1 866	477	498	454	56	56	56	921	5 494	6 216	9 137
Vote 7 - Elelctrical Services		1	155	–	99	34	–	683	1 703	1 000	2 314	1 798	4	7 792	4 446	7 128
Vote 8 - Technical Services		428	428	505	492	536	496	528	455	1 107	447	456	898	6 776	3 178	10 571
Capital single-year expenditure sub-total	2	473	729	1 339	2 193	3 008	1 604	2 187	3 191	2 541	3 271	2 569	1 883	24 988	19 031	31 194
Total Capital Expenditure	2	636	1 292	3 033	3 407	4 327	2 790	3 014	4 469	4 219	7 038	6 897	3 768	44 890	61 015	73 024

References

1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimates

2. Total Capital Expenditure must reconcile to Budgeted Capital Expenditure

WC048 Knysna - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital Expenditure - Standard	1															
Governance and administration		30	26	181	501	406	562	367	1 099	1 304	1 360	947	554	7 338	25 404	36 243
Executive and council		8	3	107	440	258	424	290	578	310	230	200	208	3 055	4 566	5 575
Budget and treasury office		–	–	5	5	10	20	–	250	270	235	250	20	1 065	67	70
Corporate services		23	23	69	56	139	118	77	271	724	895	497	326	3 218	20 771	30 598
Community and public safety		26	533	1 089	1 538	1 045	1 249	1 241	996	612	617	58	903	9 906	13 388	15 040
Community and social services		26	26	159	159	336	468	468	424	26	26	26	870	3 014	5 088	8 772
Sport and recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	700	–	–	–	–	–	–	–	–	700	888	1 733
Housing		–	507	930	679	709	781	772	572	586	591	32	32	6 192	7 412	4 535
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		54	54	131	99	172	132	136	81	54	54	54	533	1 554	3 620	5 586
Planning and development		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Road transport		54	54	131	99	172	132	136	81	54	54	54	533	1 554	3 620	5 586
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		525	679	1 633	1 270	2 704	847	1 271	2 292	2 249	5 007	5 838	1 778	26 092	18 603	16 155
Electricity		1	155	–	99	34	–	683	1 703	1 000	2 314	1 798	4	7 792	4 358	5 395
Water		524	524	524	524	524	524	524	524	964	524	524	524	6 728	14 245	10 760
Waste water management		–	–	1 109	646	646	323	65	65	285	2 169	3 515	1 250	10 072	–	–
Waste management		–	–	–	–	1 500	–	–	–	–	–	–	–	1 500	–	–
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Standard	2	636	1 292	3 033	3 407	4 327	2 790	3 014	4 469	4 219	7 038	6 897	3 768	44 890	61 015	73 024

References

1. Table should be completed as either Multi-Year expenditure appropriation or Budget Year and Forward Year estimates

2. Total Capital Expenditure must reconcile to Budgeted Capital Expenditure

MONTHLY CASH FLOWS	Budget Year 2														
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash Receipts By Source													1		
Property rates	3 189	19 152	26 531	12 667	14 195	4 705	12 506	9 522	8 380	6 856	7 618	5 713	131 036	139 397	146 170
Property rates - penalties & collection charges	59	351	487	232	260	86	229	175	154	126	140	105	2 404	2 524	2 650
Service charges - electricity revenue	11 396	12 901	14 480	15 879	13 885	11 920	12 565	12 681	13 506	12 452	14 544	26 420	172 629	193 378	219 579
Service charges - water revenue	6 813	8 074	5 948	(545)	7 832	3 039	3 364	3 356	2 475	2 797	2 442	(4 993)	40 603	42 932	45 399
Service charges - sanitation revenue	454	1 332	1 602	1 010	671	550	657	556	646	763	573	639	9 455	9 995	10 570
Service charges - refuse revenue	696	1 854	2 298	1 487	982	943	929	744	843	825	776	486	12 863	13 357	14 005
Service charges - other	775	553	507	699	527	402	506	236	279	178	224	(1 672)	3 215	3 456	3 713
Rental of facilities and equipment	226	174	177	249	197	303	167	392	412	318	333	1 653	4 598	4 919	5 268
Interest earned - external investments	114	277	574	238	665	625	418	386	172	197	222	3 814	7 701	9 309	10 934
Interest earned - outstanding debtors	677	802	591	(54)	778	302	334	333	246	278	243	(496)	4 034	3 712	3 813
Fines	210	202	242	282	276	203	557	284	232	217	191	610	3 506	3 845	4 162
Licences and permits	150	147	152	156	156	99	170	171	146	130	132	189	1 798	1 941	2 110
Agency services	998	1 324	1 151	1 063	941	1 048	1 177	158	102	110	104	(6 486)	1 691	1 700	1 709
Transfer receipts - operational	11 824	–	27 727	156	324	9 028	4 645	24 421	3 097	–	–	0	81 223	73 951	81 102
Other revenue	575	492	5 926	2 185	6 552	4 479	5 768	268	103	127	101	(23 378)	3 198	3 248	3 416
Cash Receipts by Source	38 156	47 636	88 391	35 705	48 241	37 733	43 992	53 684	30 792	25 376	27 642	2 604	479 953	507 663	554 599
Other Cash Flows by Source															
Transfer receipts - capital	9 753	195	2 439	195	1 459	15 786	–	2 694	–	–	–	(6 953)	25 567	44 589	51 712
Contributions recognised - capital & Contributed assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Proceeds on disposal of PPE	147	–	0	(141)	0	–	35	–	–	–	–	145	186	150	200
Borrowing long term/refinancing	–	–	–	–	–	–	–	–	8 860	–	–	(0)	8 860	3 500	3 917
Increase (decrease) in consumer deposits	88	151	144	150	91	83	90	121	114	89	94	(237)	979	1 077	1 185
Decrease (Increase) in non-current debtors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) other non-current receivables	–	–	–	–	–	–	–	–	–	–	–	58	58	60	65
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–	–	(10 275)	(10 275)	(2 793)	(3 082)
Total Cash Receipts by Source	48 144	47 983	90 975	35 909	49 791	53 602	44 118	56 498	39 766	25 465	27 736	(14 660)	505 328	554 247	608 596
Cash Payments by Type															
Employee related costs	19 358	12 096	11 456	11 457	17 733	11 886	12 448	11 840	11 805	12 296	12 387	11 199	155 961	165 267	173 511
Remuneration of councillors	469	469	469	469	469	469	501	579	511	511	511	651	6 078	6 382	6 701
Finance charges	–	812	1 294	–	–	6 169	–	557	991	–	353	6 132	16 309	14 462	12 597
Bulk purchases - Electricity	72	15 590	17 552	8 813	7 792	7 792	7 792	7 792	7 792	7 792	7 792	22 606	119 175	137 051	159 664
Other materials	1 111	1 458	2 654	3 665	1 681	1 249	2 981	1 470	1 083	961	1 099	(4 404)	15 008	15 844	16 779
Contracted services	596	1 091	1 765	1 453	1 350	2 206	1 269	1 298	1 230	1 103	1 182	467	15 010	15 806	16 660
Transfers and grants - other	729	377	398	373	394	347	372	541	601	391	400	312	5 236	5 279	5 323
Other expenditure	6 529	5 126	8 784	10 135	14 065	13 886	9 713	7 200	7 684	6 888	6 180	28 040	124 231	118 898	127 737
Cash Payments by Type	28 864	37 019	44 371	36 366	43 484	44 005	35 075	31 277	31 696	29 942	29 904	65 003	457 007	478 988	518 971
Other Cash Flows/Payments by Type															
Capital assets	636	1 292	3 033	3 407	4 327	2 790	3 014	4 469	4 219	7 038	6 897	3 768	44 890	61 015	73 024
Repayment of borrowing	–	755	1 203	–	–	5 735	–	518	921	–	328	5 701	15 162	16 678	18 346
Other Cash Flows/Payments	(1 162)	(1 162)	(1 162)	(1 162)	(1 162)	(1 162)	(1 162)	(1 162)	(1 162)	(1 162)	(1 162)	(1 162)	(13 947)	(14 984)	(15 704)
Total Cash Payments by Type	28 337	37 904	47 446	38 611	46 649	51 367	36 928	35 101	35 674	35 818	35 966	73 310	503 111	541 697	594 637
NET INCREASE/(DECREASE) IN CASH HELD	19 807	10 079	43 529	(2 702)	3 143	2 235	7 190	21 397	4 093	(10 353)	(8 230)	(87 970)	2 216	12 549	13 960
Cash/cash equivalents at the month/year begin:	34 963	54 770	64 848	108 377	105 675	108 817	111 052	118 242	139 639	143 732	133 379	125 149	34 963	37 179	49 728
Cash/cash equivalents at the month/year end:	54 770	64 848	108 377	105 675	108 817	111 052	118 242	139 639	143 732	133 379	125 149	37 179	37 179	49 728	63 688

WC048 Knysna - NOT REQUIRED - municipality does not have entities

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R million		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Financial Performance										
Property rates										
Service charges										
Investment revenue										
Transfers recognised - operational										
Other own revenue										
Contributions recognised - capital & contributed assets										
Total Revenue (excluding capital transfers and contributions)		–	–	–	–	–	–	–	–	–
Employee costs										
Remuneration of Board Members										
Depreciation & asset impairment										
Finance charges										
Materials and bulk purchases										
Transfers and grants										
Other expenditure										
Total Expenditure		–	–	–	–	–	–	–	–	–
Surplus/(Deficit)		–	–	–	–	–	–	–	–	–
Capital expenditure & funds sources										
Capital expenditure										
Transfers recognised - operational										
Public contributions & donations										
Borrowing										
Internally generated funds										
Total sources		–	–	–	–	–	–	–	–	–
Financial position										
Total current assets										
Total non current assets										
Total current liabilities										
Total non current liabilities										
Equity										
Cash flows										
Net cash from (used) operating										
Net cash from (used) investing										
Net cash from (used) financing										
Cash/cash equivalents at the year end										

WC048 Knysna - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1. Number	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2. R thousand
Knysna Tourism	Yrs	3	Tourism	30 June 2013	12 735

References

1. Total agreement period from commencement until end

2. Annual value

WC048 Knysna - Supporting Table SA33 Contracts having future budgetary implications

Description	Ref	Preceding Years	Current Year 2011/12	2012/13 Medium Term Revenue & Expenditure Framework			Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Total Contract Value
R thousand	1,3	Total	Original Budget	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:														
Revenue Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Operating Revenue Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Expenditure Obligation By Contract	2													
Melville Development :Customer Care Centre (Rental)		5 462	1 660	1 645	1 752	1 866	161							–
Contract 2														–
Contract 3 etc														–
Total Operating Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Capital Expenditure Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Capital Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Total Parent Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Entities:														
Revenue Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Operating Revenue Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Expenditure Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Operating Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Capital Expenditure Obligation By Contract	2													
Contract 1														–
Contract 2														–
Contract 3 etc														–
Total Capital Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–
Total Entity Expenditure Implication		–	–	–	–	–	–	–	–	–	–	–	–	–

References

1. Total implication for all preceding years to be summed and total stated in 'Preceding Years' column

2. List all contracts with future financial obligations beyond the three years covered by the MTREF (MFMA s33)

WC048 Knysna - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		18 842	28 755	25 336	6 244	20 882	20 882	12 967	17 956	18 075
Infrastructure - Road transport		583	–	1 456	1 540	5 227	5 227	1 096	1 870	5 586
Roads, Pavements & Bridges		583	–	1 456	1 540	5 227	5 227	1 096	1 870	5 586
Storm water		–	–	–	–	–	–	–	–	–
Infrastructure - Electricity		3 735	–	2 658	1 940	5 171	5 171	5 484	2 280	3 268
Generation		–	–	–	–	–	–	–	–	–
Transmission & Reticulation		3 557	–	1 892	1 940	5 171	5 171	5 484	2 192	1 535
Street Lighting		178	–	766	–	–	–	–	88	1 733
Infrastructure - Water		11 380	28 755	19 823	2 062	2 062	2 062	5 929	13 806	9 221
Dams & Reservoirs		–	1	–	–	–	–	–	–	–
Water purification		10 287	4 009	14 063	612	612	612	5 675	6 315	3 819
Reticulation		1 093	24 745	5 760	1 450	1 450	1 450	254	7 491	5 402
Infrastructure - Sanitation		2 165	–	–	–	–	–	–	–	–
Sewer Reticulation		2 165	–	–	–	–	–	–	–	–
Sewerage purification		–	–	–	–	–	–	–	–	–
Infrastructure - Other		979	–	1 399	702	8 422	8 422	458	–	–
Waste Management		492	–	–	–	–	–	–	–	–
Transportation	2	487	–	1 399	702	8 422	8 422	458	–	–
Gas		–	–	–	–	–	–	–	–	–
Other	3	–	–	–	–	–	–	–	–	–
Community		21 334	3 079	3 087	13 404	4 816	4 816	6 357	29 632	38 552
Parks & gardens		–	–	–	–	–	–	–	–	–
Sportsfields		–	3 079	–	–	200	200	–	–	–
Swimming pools		–	–	–	–	–	–	–	–	–
Community halls		–	–	–	–	–	–	263	5 088	8 772
Libraries		–	–	–	–	–	–	–	–	–
Recreational facilities		–	–	–	–	–	–	–	–	–
Fire & safety		174	–	–	–	–	–	–	–	–
Security and policing		–	–	–	–	–	–	–	–	–
Buses	7	–	–	–	–	–	–	–	–	–
Clinics		–	–	–	–	–	–	–	–	–
Museums & Art Galleries		34	–	–	–	–	–	–	–	–
Cemeteries		–	–	–	–	–	–	–	–	–
Housing	8	19 530	–	3 087	7 018	3 000	3 000	4 000	5 000	3 000
Other		1 596	–	–	6 386	1 616	1 616	2 094	19 544	26 780
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings		–	–	–	–	–	–	–	–	–
Other	9	–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Housing development		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Other assets		3 765	10 792	3 945	1 461	2 221	2 221	65	18	20
General vehicles		341	–	–	400	377	377	–	–	–
Specialised vehicles	10	2 705	–	–	–	1 135	1 135	–	–	–
Plant & equipment		298	6 598	–	–	–	–	–	–	–
Computers		169	609	2 726	760	354	354	–	–	–
Office furniture & equipment		200	3 575	298	101	155	155	65	18	20
Abattoirs		–	–	–	–	–	–	–	–	–
Markets		–	–	–	–	–	–	–	–	–
Civic Land and Buildings		–	9	99	200	200	200	–	–	–
Other building		52	–	–	–	–	–	–	–	–
Other Land		–	–	823	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Intangibles		14	–	–	–	–	–	–	–	–
PC - Software		14	–	–	–	–	–	–	–	–
Other *(list sub-class)*				–	–	–	–	–	–	–
Total Capital Expenditure on new assets	1	43 954	42 626	32 368	21 109	27 919	27 919	19 389	47 606	56 647

Specialised vehicles		2 705	–	–	–	1 135	1 135	–	–	–
Refuse		2 210	–	–	–	–	–	–	–	–
Fire		–	–	–	–	–	–	–	–	–
Conservancy		495	–	–	–	1 135	1 135	–	–	–
Ambulances		–	–	–	–	–	–	–	–	–

References

1. Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on renewal of existing assets (SA34b) must reconcile to total capital expenditure in Budgeted Capital Expenditure

2. Airports, Car Parks, Bus Terminals and Taxi Ranks

3. For example - technology backbones (e.g. fibre optic, WIFI infrastructure) for economic development purposes

4. Work-in-progress/under construction to be budgeted under the respective item

5. Infrastructure includes 'land and buildings required' by that infrastructure and vehicles/plant & equipment used by the service generated by that infrastructure

6. Donated/contributed & leased assets to be included within the respective sub-class

7. Busses used to provide a service to the community

8. Not municipal contributions to the 'top structure' being built using the housing subsidies

9. Statues, art collections, medals etc.

10. Ambulances, fire engines, refuse vehicles - but not vehicles that would normally be classified as 'Plant and equipment

WC048 Knysna - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		14 985	46 128	16 669	31 102	43 618	43 618	12 940	4 439	6 539
Infrastructure - Road transport		3 915	–	–	2 660	660	660	–	–	–
Roads, Pavements & Bridges		3 185	–	–	2 500	500	500	–	–	–
Storm water		730	–	–	160	160	160	–	–	–
Infrastructure - Electricity		4 088	–	3 483	10 745	16 703	16 703	3 000	4 000	5 000
Generation		–	–	–	–	–	–	–	–	–
Transmission & Reticulation		4 088	–	3 483	10 745	16 703	16 703	3 000	4 000	5 000
Street Lighting		–	–	–	–	–	–	–	–	–
Infrastructure - Water		2 987	46 128	5 481	5 031	5 121	5 121	88	439	1 539
Dams & Reservoirs		–	–	–	–	–	–	–	–	–
Water purification		1 274	1 373	4 829	4 360	4 450	4 450	88	439	1 539
Reticulation		1 713	44 755	652	671	671	671	–	–	–
Infrastructure - Sanitation		3 714	–	7 705	12 666	20 884	20 884	9 852	–	–
Sewer Reticulation		491	–	22	489	489	489	–	–	–
Sewerage purification		3 223	–	7 683	12 177	20 395	20 395	9 852	–	–
Infrastructure - Other		281	–	–	–	250	250	–	–	–
Waste Management		281	–	–	–	250	250	–	–	–
Transportation	2	–	–	–	–	–	–	–	–	–
Gas		–	–	–	–	–	–	–	–	–
Other	3	–	–	–	–	–	–	–	–	–
Community		2 800	1 548	–	2 700	3 315	3 315	2 701	–	–
Parks & gardens		44	–	–	–	–	–	–	–	–
Sportsfields		413	1 548	–	–	615	615	–	–	–
Swimming pools		–	–	–	–	–	–	–	–	–
Community halls		156	–	–	–	–	–	–	–	–
Libraries		485	–	–	2 700	2 700	2 700	2 701	–	–
Recreational facilities		–	–	–	–	–	–	–	–	–
Fire & safety		807	–	–	–	–	–	–	–	–
Security & policing		674	–	–	–	–	–	–	–	–
Buses	7	–	–	–	–	–	–	–	–	–
Clinics		–	–	–	–	–	–	–	–	–
Museums & Art Galleries		129	–	–	–	–	–	–	–	–
Cemeteries		92	–	–	–	–	–	–	–	–
Housing	8	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings		–	–	–	–	–	–	–	–	–
Other	9	–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Housing development		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Other assets		4 339	9 481	5 176	8 100	10 568	10 568	9 860	8 970	9 838
General vehicles		1 398	6 323	2 390	1 078	884	884	1 840	3 770	4 500
Specialised vehicles	10	1 705	–	–	1 200	1 389	1 389	2 200	–	–
Plant & equipment		970	2 607	1 184	525	619	619	1 026	850	935
Computers		185	12	394	490	1 485	1 485	550	570	590
Office furniture & equipment		81	531	921	307	320	320	244	280	313
Abattoirs		–	–	–	–	–	–	–	–	–
Markets		–	–	–	–	–	–	–	–	–
Civic Land and Buildings		–	8	286	4 500	5 872	5 872	4 000	3 500	3 500
Other building		–	–	–	–	–	–	–	–	–
Other Land		–	–	–	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	–	–	–
PC - Software		–	–	–	–	–	–	–	–	–
Other *(list sub-class)*		–	–	–	–	–	–	–	–	–
Total Capital Expenditure on renewal of existing assets	1	22 124	57 157	21 845	41 902	57 501	57 501	25 501	13 409	16 377
Specialised vehicles		1 705	–	–	1 200	1 389	1 389	2 200	–	–
Refuse		1 245	–	–	600	781	781	1 500	–	–
Fire		460	–	–	600	608	608	700	–	–
Conservancy		–	–	–	–	–	–	–	–	–
Ambulances		–	–	–	–	–	–	–	–	–
Renewal of Existing Assets as % of total capex		*33.5%*	*57.3%*	*40.3%*	*66.5%*	*67.3%*	*67.3%*	*56.8%*	*22.0%*	*22.4%*
Renewal of Existing Assets as % of deprecn"		*75.9%*	*65.2%*	*117.0%*	*123.9%*	*260.7%*	*260.7%*	*116.4%*	*61.9%*	*78.2%*

References

1. Total Capital Expenditure on renewal of existing assets (SA34b) plus Total Capital Expenditure on new assets (SA34a) must reconcile to total capital expenditure in Budgeted Capital Expenditure

2. Airports, Car Parks, Bus Terminals and Taxi Ranks

3. For example - technology backbones (e.g. fibre optic, WIFI infrastructure) for economic development purposes

4. Work-in-progress/under construction to be budgeted under the respective item

5. Infrastructure includes 'land and buildings required' by that infrastructure and vehicles/plant & equipment used by the service generated by that infrastructure

6. Donated/contributed & leased assets to be included within the respective sub-class

7. Busses used to provide a service to the community

8. Not municipal contributions to the 'top structure' being built using the housing subsidies

9. Statues, art collections, medals etc.

10. Ambulances, fire engines, refuse vehicles - but not vehicles that would normally be classified as 'Plant and equipment

WC048 Knysna - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		28 594	29 313	32 634	40 354	41 176	41 176	45 321	49 560	53 629
Infrastructure - Road transport		10 154	9 635	11 126	12 459	15 314	15 314	13 848	14 564	15 207
Roads, Pavements & Bridges		9 648	8 511	10 157	11 304	13 990	13 990	12 034	12 636	13 179
Storm water		506	1 124	969	1 155	1 324	1 324	1 814	1 928	2 028
Infrastructure - Electricity		6 669	8 086	8 124	14 281	10 353	10 353	15 473	17 569	19 638
Generation		–	–	–	–	–	–	–	–	–
Transmission & Reticulation		6 669	8 086	8 124	14 281	10 353	10 353	15 473	17 569	19 638
Street Lighting		–	–	–	–	–	–	–	–	–
Infrastructure - Water		7 487	7 539	9 127	8 320	9 649	9 649	9 612	10 720	11 781
Dams & Reservoirs		–	–	–	–	–	–	–	–	–
Water purification		1 908	2 312	2 992	2 832	4 384	4 384	2 777	2 944	3 090
Reticulation		5 579	5 227	6 135	5 488	5 265	5 265	6 836	7 776	8 691
Infrastructure - Sanitation		4 132	4 053	4 258	5 165	5 750	5 750	5 938	6 252	6 540
Reticulation		3 256	2 847	3 350	4 011	3 569	3 569	4 877	5 128	5 361
Sewer purification		876	1 206	907	1 154	2 181	2 181	1 061	1 124	1 179
Infrastructure - Other		151	–	–	129	111	111	451	455	463
Waste Management		151	–	–	129	111	111	451	455	463
Transportation	2	–	–	–	–	–	–	–	–	–
Gas		–	–	–	–	–	–	–	–	–
Other	3	–	–	–	–	–	–	–	–	–
Community		4 972	4 870	6 177	6 722	6 793	6 793	7 597	8 035	8 427
Parks & gardens		4 432	4 305	5 315	6 078	6 059	6 059	6 645	7 024	7 359
Sportfields		239	263	465	449	428	428	841	895	946
Swimming pools		114	128	85	4	2	2	1	1	1
Community halls		31	33	42	27	32	32	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Recreational facilities		–	–	–	–	–	–	–	–	–
Fire, safety & emergency		–	–	–	–	–	–	–	–	–
Security & policing		134	123	152	150	150	150	–	–	–
Buses	7	–	–	–	–	–	–	–	–	–
Clinics		–	–	–	–	–	–	–	–	–
Museums & Art Galleries		–	–	–	–	–	–	–	–	–
Cemeteries		–	–	–	–	–	–	–	–	–
Housing	8	22	17	18	13	13	13	–	–	–
Other		–	–	101	–	109	109	109	115	121
Heritage assets		–	–	–	–	–	–	–	–	–
Buildings		–	–	–	–	–	–	–	–	–
Other	9	–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Housing development		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Other assets		8 142	8 853	10 272	13 007	12 387	12 387	13 847	14 511	15 278
Vehicles		2 837	3 562	4 133	4 965	4 922	4 922	5 195	5 385	5 564
Specialised vehicles	10	–	–	–	–	–	–	–	–	–
Plant & equipment		721	720	1 113	947	1 004	1 004	857	963	1 070
Computers		1 266	1 412	1 175	2 365	1 712	1 712	2 126	2 275	2 411
Office furniture		60	62	77	101	80	80	143	152	162
Abattoirs		–	–	–	–	–	–	–	–	–
Markets		–	–	–	–	–	–	–	–	–
Civic Land and Buildings		3 258	2 987	3 587	4 370	4 409	4 409	5 527	5 736	6 071
Other Buildings		–	110	186	260	260	260	–	–	–
Other Land		–	–	–	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)		–	–	–	–	–	–	–	–	–
Other Assets - Other		–	–	–	–	–	–	–	–	–
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class										
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class										
Intangibles		445	435	623	689	656	656	736	757	779
Software		445	435	623	689	656	656	736	757	779
Other *(list sub-class)*										
Total Repairs and Maintenance Expenditure	1	42 153	43 471	49 707	60 772	61 013	61 013	67 500	72 863	78 112
Specialised vehicles		–	–	–	–	–	–	–	–	–
Refuse		–	–	–	–	–	–	–	–	–
Fire		–	–	–	–	–	–	–	–	–
Conservancy		–	–	–	–	–	–	–	–	–
Ambulances		–	–	–	–	–	–	–	–	–
R&M as a % of PPE		*10.0%*	*5.4%*	*5.7%*	*11.1%*	*6.5%*	*6.5%*	*7.0%*	*7.3%*	*7.4%*
R&M as % Operating Expenditure		*12.9%*	*9.3%*	*12.3%*	*12.9%*	*13.1%*	*13.1%*	*13.5%*	*14.0%*	*13.9%*

References

1. Total Repairs and Maintenance Expenditure by Asset Category must reconcile to total repairs and maintenance expenditure on Table SA1

2. Airports, Car Parks, Bus Terminals and Taxi Ranks

3. For example - technology backbones (e.g. fibre optic, WIFI infrastructure) for economic development purposes

4. Work-in-progress/under construction to be budgeted under the respective item

5. Infrastructure includes 'land and buildings required' by that infrastructure and vehicles/plant & equipment used by the service generated by that infrastructure

6. Donated/contributed & leased assets to be included within the respective sub-class

7. Busses used to provide a service to the community

8. Not municipal contributions to the 'top structure' being built using the housing subsidies

9. Statues, art collections, medals etc.

10. Ambulances, fire engines, refuse vehicles - but not vehicles that would normally be classified as 'Plant and equipment

WC048 Knysna - Supporting Table SA34d Depreciation by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Depreciation by Asset Class/Sub-class										
Infrastructure		29 131	87 695	18 676	33 817	22 053	22 053	16 403	16 487	16 453
Infrastructure - Road transport		29 131	87 695	18 676	33 817	22 053	22 053	3 812	3 813	3 779
Roads, Pavements & Bridges		New sheet - only completing for 2012/13 MTREF period - not historical data						3 435	3 436	3 402
Storm water		29 131	87 695	18 676	33 817	22 053	22 053	377	377	377
Infrastructure - Electricity		–	–	–	–	–	–	5 424	5 424	5 424
Generation		–	–	–	–	–	–	–	–	–
Transmission & Reticulation		–	–	–	–	–	–	5 217	5 217	5 217
Street Lighting		–	–	–	–	–	–	207	207	207
Infrastructure - Water		–	–	–	–	–	–	4 974	4 976	4 976
Dams & Reservoirs		–	–	–	–	–	–	–	–	–
Water purification		–	–	–	–	–	–	1 404	1 404	1 404
Reticulation		–	–	–	–	–	–	3 570	3 572	3 572
Infrastructure - Sanitation		–	–	–	–	–	–	2 180	2 261	2 261
Reticulation		–	–	–	–	–	–	1 553	1 634	1 634
Sewerage purification		–	–	–	–	–	–	627	627	627
Infrastructure - Other		–	–	–	–	–	–	13	13	13
Waste Management		–	–	–	–	–	–	13	13	13
Transportation	2	–	–	–	–	–	–	–	–	–
Gas		–	–	–	–	–	–	–	–	–
Other	3	–	–	–	–	–	–	–	–	–
Community		–	–	–	–	–	–	430	431	431
Parks & gardens		–	–	–	–	–	–	9	9	9
Sportsfields & stadia		–	–	–	–	–	–	–	–	–
Swimming pools		–	–	–	–	–	–	–	–	–
Community halls		–	–	–	–	–	–	36	36	36
Libraries		–	–	–	–	–	–	24	25	25
Recreational facilities		–	–	–	–	–	–	91	91	91
Fire, safety & emergency		–	–	–	–	–	–	–	–	–
Security and policing		–	–	–	–	–	–	–	–	–
Buses	7	–	–	–	–	–	–	–	–	–
Clinics		–	–	–	–	–	–	15	15	15
Museums & Art Galleries		–	–	–	–	–	–	–	–	–
Cemeteries		–	–	–	–	–	–	14	14	14
Social rental housing	8	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	241	241	241
Heritage assets		–	–	–	–	–	–	3	3	3
Buildings		–	–	–	–	–	–	1	1	1
Other	9	–	–	–	–	–	–	2	2	2
Investment properties		–	–	–	–	–	–	–	–	–
Housing development		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Other assets		–	–	–	–	–	–	5 032	4 747	4 050
General vehicles		–	–	–	–	–	–	1 408	1 407	1 389
Specialised vehicles	10	–	–	–	–	–	–	118	118	118
Plant & equipment		–	–	–	–	–	–	1 092	990	876
Computers - hardware/equipment		–	–	–	–	–	–	656	585	495
Furniture and other office equipment		–	–	–	–	–	–	1 317	1 205	730
Abattoirs		–	–	–	–	–	–	–	–	–
Markets		–	–	–	–	–	–	–	–	–
Civic Land and Buildings		–	–	–	–	–	–	216	217	217
Other Buildings		–	–	–	–	–	–	225	225	225
Other Land		–	–	–	–	–	–	–	–	–
Surplus Assets - (Investment or Inventory)		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Agricultural assets		–	–	–	–	–	–	–	–	–
List sub-class		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Biological assets		–	–	–	–	–	–	–	–	–
List sub-class		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Intangibles		–	–	–	–	–	–	42	3	–
Computers - software & programming		–	–	–	–	–	–	42	3	–
Other *(list sub-class)*		–	–	–	–	–	–	–	–	–
Total Depreciation	1	29 131	87 695	18 676	33 817	22 053	22 053	21 910	21 671	20 937

Specialised vehicles		–	–	–	–	–	–	118	118	118
Refuse		–	–	–	–	–	–	–	–	–
Fire		–	–	–	–	–	–	118	118	118
Conservancy		–	–	–	–	–	–	–	–	–
Ambulances		–	–	–	–	–	–	–	–	–

References

1. Depreciation based on write down values. Not including Depreciation resulting from revaluation.

2. Airports, Car Parks, Bus Terminals and Taxi Ranks

3. For example - technology backbones (e.g. fibre optic, WIFI infrastructure) for economic development purposes

4. Work-in-progress/under construction to be budgeted under the respective item

5. Infrastructure includes 'land and buildings required' by that infrastructure and vehicles/plant & equipment used by the service generated by that infrastructure

6. Donated/contributed & leased assets to be included within the respective sub-class

7. Busses used to provide a service to the community

8. Not municipal contributions to the 'top structure' being built using the housing subsidies

9. Statues, art collections, medals etc.

10. Ambulances, fire engines, refuse vehicles - but not vehicles that would normally be classified as 'Plant and equipment

WC048 Knysna - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2012/13 Medium Term Revenue & Expenditure Framework			Forecasts			
R thousand		Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Present value
Capital expenditure	1							
Vote 1 - Executive & Council		3 055	4 566	5 575				
Vote 2 - Corporate Services		24	26	28				
Vote 3 - Financial Services		3 615	1 637	660				
Vote 4 - Strategic Services		–	–	–				
Vote 5 - Planning & Development		6 326	25 006	29 375				
Vote 6 - Community Services		5 494	6 216	9 137				
Vote 7 - Electrical Services		7 792	4 446	7 128				
Vote 8 - Technical Services		18 584	19 118	21 121				
List entity summary if applicable								
Total Capital Expenditure		44 890	61 015	73 024	–	–	–	–
Future operational costs by vote	2							
Vote 1 - Executive & Council								
Vote 2 - Corporate Services								
Vote 3 - Financial Services								
Vote 4 - Strategic Services								
Vote 5 - Planning & Development								
Vote 6 - Community Services								
Vote 7 - Electrical Services								
Vote 8 - Technical Services								
List entity summary if applicable								
Total future operational costs		–	–	–	–	–	–	–
Future revenue by source	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
List other revenues sources if applicable								
List entity summary if applicable								
Total future revenue		–	–	–	–	–	–	–
Net Financial Implications		44 890	61 015	73 024	–	–	–	–

References

1. Summarise the total capital cost until capital project is operational (MFMA s19(2)(a))

2. Summary of future operational costs from when projects operational (present value until the end of each asset's useful life) (MFMA s19(2)(b))

3. Summarise the future revenue from when projects are operational, including municipal tax and tariff implications, (present value until the end of asset's useful life)

WC048 Knysna - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2012/13 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4			2	6	3	3	5		Audited Outcome 2010/11	Current Year 2011/12 Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Ward location	New or renewal
Parent municipality:																
List all capital projects grouped by Municipal Vote																
Vote 1 - Executive & Council									–	354	2 595	3 055	4 566	5 575		
		Civic Buildings Improvements/Upgrades - Admin Buildings		19	*No*	Other assets	Civic Land and Buildings			99	200	–	–	–		New
				19	*No*	Other assets	Civic Land and Buildings			–	500	1 000	2 500	3 500		Renewal
		Community Facilities - Ward Based Projects		23	*No*	Community	Other			–	1 616	2 000	2 000	2 000		New
		Computer Equipment		18	*No*	Other assets	Computers			155	93	–	–	–		New
		Office Furniture & Equipment		20	*No*	Other assets	Office furniture & equipment			101	42	15	18	20		New
				20	*No*	Other assets	Office furniture & equipment			–	144	40	48	55		Renewal
Vote 2 - Corporate Services									–	202	255	24	26	28		
		Computer Equipment		18	*No*	Other assets	Computers			41	44	–	–	–		New
		New Vehicles		4	*No*	Other assets	General vehicles			–	153	–	–	–		New
		Office Furniture & Equipment		20	*No*	Other assets	Office furniture & equipment			45	31	–	–	–		New
				20	*No*	Other assets	Office furniture & equipment			115	27	24	26	28		Renewal
Vote 3 - Financial Services									–	3 233	5 990	3 615	1 637	660		
		Civic Buildings Improvements/Upgrades - Admin Buildings		19	*No*	Other assets	Civic Land and Buildings			28	4 072	3 000	1 000	–		Renewal
		Computer Equipment		18	*No*	Other assets	Computers			2 343	–	–	–	–		New
				18	*No*		Computers			394	1 485	550	570	590		Renewal
		Office Furniture & Equipment		20	*No*	Other assets	Office furniture & equipment			58	60	–	–	–		New
				20	*No*	Other assets	Office furniture & equipment			409	45	65	67	70		Renewal
		Vehicle Replacements		4	*No*	Other assets	General vehicles			–	104	–	–	–		Renewal
		New Vehicles		4	*No*	Other assets	General vehicles			–	224	–	–	–		New
		Plant & Equipment		20	*No*	Other assets	Plant & equipment			–	–	–	–	–		Renewal
Vote 4 - Strategic Services									–	–	–	–	–	–		
		Community Facilities - Recreational		1	*No*	Community	Sportsfields			–	–	–	–	–		New
				1	*No*	Community	Sportsfields			–	–	–	–	–		Renewal
		Computer Equipment		18	*No*	Other assets	Computers			–	–	–	–	–		New
		Office Furniture & Equipment		20	*No*	Other assets	Office furniture & equipment			–	–	–	–	–		New
		Plant & Equipment		20	*No*	Other assets	Plant & equipment			–	–	–	–	–		Renewal
Vote 5 - Planning & Development									–	7 179	14 352	6 326	25 006	29 375		
		Civic Buildings Improvements/Upgrades - Admin Buildings		19	*No*	Other assets	Civic Land and Buildings			137	1 300	–	–	–		Renewal
		Community Facilities - N/E Corridor Upgrade		12	*No*	Community	Other			–	–	94	17 544	24 780		New
		Community Facilities - Land transferred from Province			*No*	Community	Other			823	–	–	–	–		New
		Community Facilities - Taxi Facilities			*No*	Infrastructure - Other	Transportation			1 399	7 720	–	–	–		New
		Community Facilities - Toilets		2	*No*	Other assets	Other building									
		Computer Equipment		18	*No*	Other assets	Computers			88	40	–	–	–		New
		Electricity Infrastructure - Services for Housing		2	*No*	Infrastructure - Electricity	Transmission & reticulation			1 498	2 231	2 192	2 192	1 535		New
		Housing Infrastructure - Services		2	*No*	Community	Housing			3 087	3 000	4 000	5 000	3 000		New
		Office Furniture & Equipment		20	*No*	Other assets	Office furniture & equipment			114	51	20	25	30		Renewal
				21	*No*	Other assets	Office furniture & equipment			9	–	–	–	–		New
		Plant & Equipment		13	*No*	Other assets	Plant & equipment			25	10	20	25	30		Renewal
		Vehicle Replacements		25	*No*	Other assets	General vehicles			–	–	–	220	–		Renewal

WC048 Knysna - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2012/13 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4			2	6	3	3	5		Audited Outcome 2010/11	Current Year 2011/12 Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Ward location	New or renewal
Parent municipality:																
List all capital projects grouped by Municipal Vote																
Vote 6 - Community Services									–	587	5 646	5 494	6 216	9 137		
		Civic Buildings Improvements/Upgrades - Fire Station		19	*No*	Other assets	Civic Land and Buildings			121	–	–	–	–		Renewal
		Community Facilities - Halls		1	*No*	Community	Community Halls			–	–	–	–	–		New
				2	*No*	Community	Community Halls			–	–	–	–	–		Renewal
		Community Facilities - Libraries		4	*No*	Community	Libraries			–	2 700	2 701	–	–		Renewal
		Community Facilities - Multi-purpose Centre		1	*No*	Community	Community Halls			–	–	263	5 088	8 772		New
		Community Facilities - Museums		4	*No*	Community	Museums & art galleries			–	–	–	–	–		New
				5	*No*	Community	Museums & art galleries			–	–	–	–	–		Renewal
		Community Facilities - Recreational		1	*No*	Community	Sportsfields			–	200	–	–	–		New
				1	*No*	Community	Sportsfields			–	615	–	–	–		Renewal
		Community Facilities - Thusong Centre		1	*No*	Community	Community Halls			–	–	–	–	–		New
		Community Facilities - Toilets		1	*No*	Other assets	Other building			–	–	–	–	–		New
		Computer Equipment		18	*No*	Other assets	Computers			42	48	–	–	–		New
		New Cemetery		13	*No*	Community	Cemeteries			–	–	–	–	–		Renewal
		Office Furniture & Equipment		20	*No*	Other assets	Office furniture & equipment			79	3	50	–	–		New
				21	*No*	Other assets	Office furniture & equipment			131	13	40	48	55		Renewal
		Plant & Equipment		4	*No*	Other assets	Plant & equipment			–	–	–	–	–		New
				5	*No*	Other assets	Plant & equipment			213	148	240	280	310		Renewal
		Security Services - Buildings & Equipment		4	*No*	Community	Security & policing			–	–	–	–	–		Renewal
		New Vehicles		4	*No*	Other assets	General vehicles			–	–	–	–	–		New
		Vehicle Replacements		4	*No*	Other assets	General vehicles			–	281	–	800	–		Renewal
		Vehicle Replacements - Chipper		4	*No*	Other assets	Specialised vehicles_refuse			–	781	–	–	–		Renewal
		Vehicle Replacements - Fire/Water Truck		4	*No*	Other assets	Specialised vehicles fire			–	608	700	–	–		Renewal
		Vehicle Replacements - Refuse Compactor/Bin Lifter		4	*No*	Other assets	Specialised vehicles_refuse			–	–	1 500	–	–		Renewal
		Waste Disposal Sites		13	*No*	Infrastructure - Other	Waste management			–	250	–	–	–		Renewal
		Wheelie Bin Program		13	*No*	Infrastructure - Other	Waste management			–	–	–	–	–		New
Vote 7 - Elelctrical Services									–	5 529	19 942	7 792	4 446	7 128		
		Computer Equipment		18	*No*	Other assets	Computers			–	29	–	–	–		New
				19	*No*	Other assets	Computers			–	–	–	–	–		Renewal
		Electricity Infrastructure - Densification		13	*No*	Infrastructure - Electricity	Transmission & reticulation			–	–	–	–	–		New
				14	*No*	Infrastructure - Electricity	Transmission & reticulation			2 153	6 847	3 000	4 000	5 000		Renewal
		Electricity Infrastructure - Hi-masts		13	*No*	Infrastructure - Electricity	Street lighting			766	–	–	88	1 733		New
		Electricity Infrastructure - Hi-voltage Cables		13	*No*	Infrastructure - Electricity	Transmission & reticulation			–	–	–	–	–		Renewal
		Electricity Infrastructure - Intake Sub Stations		13	*No*	Infrastructure - Electricity	Transmission & reticulation			1 098	9 343	–	–	–		Renewal
		Electricity Infrastructure - Reticulation		13	*No*	Infrastructure - Electricity	Transmission & reticulation			394	220	660	–	–		New
				13	*No*	Infrastructure - Electricity	Transmission & reticulation			216	30	–	–	–		Renewal
		Electricity Infrastructure - Sub Stations		13	*No*	Infrastructure - Electricity	Transmission & reticulation			–	2 720	2 632	–	–		New
				14	*No*	Infrastructure - Electricity	Transmission & reticulation			16	483	–	–	–		Renewal
		Office Furniture & Equipment		20	*No*	Other assets	Office furniture & equipment			–	–	–	–	–		New
				21	*No*	Other assets	Office furniture & equipment			34	37	15	18	20		Renewal
		Plant & Equipment		13	*No*	Other assets	Plant & equipment			315	233	305	340	375		Renewal
		Vehicle Replacements		25	*No*	Other assets	General vehicles			537	–	1 180	–	–		Renewal

WC048 Knysna - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2012/13 Medium Term Revenue & Expenditure Framework			Project information	
R thousand	4			2	6	3	3	5		Audited Outcome 2010/11	Current Year 2011/12 Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Ward location	New or renewal
Parent municipality:																
List all capital projects grouped by Municipal Vote																
Vote 8 - Technical Services									–	37 130	36 640	18 584	19 118	21 121		
		Community Facilities - Taxi Facilities		4	*No*	Infrastructure - Other	Transportation			–	702	458	–	–		New
		Computer Equipment		18	*No*	Other assets	Computers			57	100	–	–	–		New
				19	*No*	Other assets	Computers			–	–	–	–	–		Renewal
		Office Furniture & Equipment		20	*No*	Other assets	Office furniture & equipment			5	20	–	–	–		New
				21	*No*	Other assets	Office furniture & equipment			118	3	40	48	55		Renewal
		New Vehicles		24	*No*	Other assets	General vehicles									
		New Vehicles - Vacuum Tanker		24	*No*	Other assets	Specialised vehicles_conservancy			–	1 135	–	–	–		New
		Plant & Equipment		13	*No*	Other assets	Plant & equipment			–	–	–	–	–		New
				14	*No*	Other assets	Plant & equipment			1 720	228	461	205	220		Renewal
		Road Infrastructure - Pavements		7	*No*	Infrastructure - Other	Transportation			1 252	1 794	1 096	1 870	5 586		New
		Road Infrastructure - Sea walls		13	*No*	Infrastructure - Road transport	Roads, Pavements & Bridges			–	500	–	–	–		Renewal
		Road Infrastructure - Storm Water		13	*No*	Infrastructure - Road transport	Storm water			–	160	–	–	–		Renewal
		Road Infrastructure - Streets		13	*No*	Infrastructure - Road transport	Roads, Pavements & Bridges			204	3 433	–	–	–		New
				14	*No*	Infrastructure - Road transport	Roads, Pavements & Bridges			–	–	–	–	–		Renewal
		Sewerage Infrastructure - Reticulation		13	*No*	Infrastructure - Sanitation	Reticulation			–	–	–	–	–		New
				14	*No*	Infrastructure - Sanitation	Reticulation			22	489	–	–	–		Renewal
		Sewerage Infrastructure - Services for Housing		1	*No*	Infrastructure - Sanitation	Reticulation			–	–	–	–	–		New
		Sewerage Infrastructure - Treatment Works: Knysna		13	*No*	Infrastructure - Sanitation	Sewerage Purification			–	–	–	–	–		New
				13	*Yes*	Infrastructure - Sanitation	Sewerage Purification			7 683	11 377	7 352	–	–		Renewal
		Sewerage Infrastructure - Treatment Works: Knysna (Belt press)		14	*Yes*	Infrastructure - Sanitation	Sewerage Purification			–	8 262	–	–	–		Renewal
		Sewerage Infrastructure - Treatment Works: Knysna (Refurbishment)		14	*Yes*	Infrastructure - Sanitation	Sewerage Purification			–	756	2 500	–	–		Renewal
		Vehicle Replacements		25	*No*	Other assets	General vehicles			766	499	660	2 750	4 500		Renewal
		Water Infrastructure - Boreholes: Knysna		13	*No*	Infrastructure - Water	Water purification			5 182	–	–	–	–		New
		Water Infrastructure - Boreholes: Sedgefield		13	*No*	Infrastructure - Water	Water purification			–	–	–	–	–		New
		Water Infrastructure - Desalination: Knysna		13	*No*	Infrastructure - Water	Water purification			7 403	–	–	–	–		New
		Water Infrastructure - Desalination: Sedgefield		13	*No*	Infrastructure - Water	Water purification			–	–	–	–	–		New
		Water Infrastructure - Raw Water: Knysna Dam		12	*No*	Infrastructure - Water	Dams & Reservoirs			662	–	88	175	439		New
		Water Infrastructure - Raw Water: Knysna Supply		13	*No*	Infrastructure - Water	Water purification			597	412	–	–	–		New
				13	*No*	Infrastructure - Water	Water purification			4 860	4 450	88	439	439		Renewal
		Water Infrastructure - Raw Water: Sedgefield Supply		13	*No*	Infrastructure - Water	Water purification			–	200	88	3 508	2 064		New
				14	*No*	Infrastructure - Water	Water purification			–	–	–	–	1 100		Renewal
		Water Infrastructure - Raw Water: Karatara Supply		15	*No*	Infrastructure - Water	Water purification			180	–	4 622	–	–		New
		Water Infrastructure - Raw Water: Rheenendal Supply		15	*No*	Infrastructure - Water	Water purification			–	–	877	2 632	1 316		New
		Water Infrastructure - Reticulation		1	*No*	Infrastructure - Water	Reticulation			1 328	275	–	–	–		New
				13	*No*	Infrastructure - Water	Reticulation			475	671	–	–	–		Renewal
		Water Infrastructure - Services for Housing		1	*Yes*	Infrastructure - Water	Reticulation			4 432	1 175	254	7 491	5 402		New
		Water Infrastructure - Treatment Plant: Knysna		13	*No*	Infrastructure - Water	Water purification			39	–	–	–	–		New
				13	*No*	Infrastructure - Water	Water purification			–	–	–	–	–		Renewal
		Water Infrastructure - Treatment Plant: Rheenendal		1	*No*	Infrastructure - Water	Water purification			–	–	–	–	–		New
				1	*No*	Infrastructure - Water	Water purification			146	–	–	–	–		Renewal
Parent Capital expenditure	1								–	54 213	85 420	44 890	61 015	73 024		
Entity Capital expenditure										–	–	–	–	–		
Total Capital expenditure										54 213	85 420	44 890	61 015	73 024		

References

1. Must reconcile with Budgeted Capital Expenditure

2. As per Table SA6

3. As per Table SA34

4. Projects that fall above the threshold values applicable to the municipality as identified in regulation 13 of the Municipal Budget and Reporting Regulations must be listed individually. Other projects by programme by Vote

5. Correct to seconds. Provide a logical starting point on networked infrastructure.

WC048 Knysna - Supporting Table SA37 Projects delayed from previous financial year/s

Municipal Vote/Capital project R thousand	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete Year	Current Year 2011/12 Original Budget	Current Year 2011/12 Full Year Forecast	2012/13 Medium Term Revenue & Expenditure Framework Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Parent municipality:												
List all capital projects grouped by Municipal Vote				*Examples*	*Examples*							
None of the 2011/2012 projects have yet been identified for roll over purposes.												
An analysis of all capital projects will be undertaken during the participation process for the tabled budget and any qualifying projects identified will be included in the budget tabled for approval in May 2012.												
Entities:												
List all capital projects grouped by Municipal Entity												
Entity Name												
Project name												

References

1. List all projects with planned completion dates in current year that have been re-budgeted in the MTREF

2. Refer MFMA s30

3. As per Table SA34

Knysna Municipality

DRAFT Medium Term Revenue & Expenditure Framework (MTREF)

Annexure 3

Tariffs, charges & fees for 2012/2013

Council
Council means the Council of the Municipality of Knysna

Agricultural Properties
Refer to owners or tenants of agricultural properties who are registered with SARS as bonafide farmers

Urban Areas
For the purposes of levying rates in urban areas such urban areas are defined to be the areas in which properties are situated in respect of which formal township establishment has taken place and to which normal municipal services are rendered due to the properties being contiguous to the bulk municipal infrastructure.

Rural Areas
For the purposes of levying rates in rural areas such rural areas are defined to be the areas in which properties are situated where either no formal township establishment has taken place or where there is no rendering of normal municipal services due to their non-contiguous position to the bulk municipal infrastructure found in the urban area.

Residential Properties
Properties are defined as residential properties provided that :
- such properties are used predominantly for residential purposes, provided that there are not more than two dwelling units per individual property
- such rateble residences are situated on properties used or related to the care of the aged
- such rateble residences are situated on properties used or related to educational purposes
- such residential properties are registered in terms of the Sectional Titles Act, 1971 (now Act 95 of 1986)
- such properties are owned by share-block companies;
- such properties are not subject to provisions of Section 4 of the Rating of State Property Act, 1984

Residential Zoning
Residential zoning means any improved or unimproved site which has been zoned as a single residential, general residential or group housing zoning in terms of the applicable Zoning Scheme Regulations within the Knysna Municipal area and includes any special consent or departure for the use of any site with a different zoning for residential purposes.

Equivalent Erf
An Equivalent erf is a single residential property with a design water consumption demand of 400 Kl per annum and for augmentation purposes properties with zonings other than single residential will be levied on the number of equivalent erven based on the design water consumption demand for the zoning and size of the property.

Premises
Any vessel, boat, caravan, tent or similar object habitually occupied for residential purposes, any vacant immovable property and any structure on immovable property habitually occupied for residential and/or business purposes provided that :

- where such structure consists of more than one residential and/or business unit each such unit shall be deemed to be premises for the purposes of this section, irrespective whether individually or bulk metered

- each such unit deemed to be premises has a service connection to it or has a facility which has a service supply to it

Water Closet And Urinal
Under these tariffs "pan" means a water closet or urinal, provided that for the purposes of the assessment of the annual sewerage service charges in respect of urinals, each two urinal stalls or every meter (or part thereof exceeding half a meter) of urinal wall shall be regarded as one "pan" (water closet).

Service Charge
The annual service charge is the fixed charge due by each premises as defined above and does not include any allowance for consumption and is levied irrespective whether consumption takes place or not

Reading Period
The reading period for all consumption shall as far as is practicably possible be on a regular monthly cycle subject to

The operational exigencies of staff availability, public holidays and inclement weather, the Council will not entertain any adjustment of an account rendered where the reading period and consumption derived for such account deviates from the normal reading period by 10 days or less, and

In such cases where the reading period exceeds the normal reading period by more than 10 days the onus shall rest on the consumer to apply, in writing, for the adjustment of the account which shall be on the basis of the monthly average derived from the previous three months consumption

Standard-by-Law, Additional Electricity Supply By-Law and Additional By-Law
In these Electricity Tariffs "Standard-by-Law" means the Standard Electricity Supply By-Law promulgated and published under Provincial Notice 535/1987 dated 18 September 1987 and adopted by the Council under Provincial Notice 211/1988 dated 26 February 1988.

Where in the Tariff of Charges reference is made to the "Additional Electricity Supply By-Law" or the "Additional By-Law" it shall mean the Knysna Municipality : Additional Electricity Supply By-Law promulgated and published under Provisional Notice 1272/1978 dated 15 December 1978

The tariffs scheduled herein shall be applicable to the classes of consumers set forth as follows, and in the event of the Council by special resolution having imposed an additional percentage levy in terms of section 187(5) of Ord. 20 of 1974, the increases charges shall apply :

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (0% VAT)	Tariff 2012/13 (0% VAT)
1	**ASSESSMENT RATES**			
1	**POWER TO LEVY RATES**			
(1) (a)	Property Rates are set in terms of Chapter 2, Section 3 of the Municipal Property Rates Act, No 6 of 2004.			
(b)	Property Rates to be levied in accordance with the 1 July 2012 General Valuation Roll and Councils approved Rates Policy.			
(2)	**Properties**			
(a)	**Domestic**			
(i)	Residential property		**R 0.0055836**	**R 0.0055836**
(ii)	Accommodation Establishments where the number of lettable bedrooms is equal to or less than 8		**R 0.0055836**	**R 0.0064211**
(b)	**Business**			
	Business Property		**R 0.0096780**	**R 0.0111672**
(ii)	Accommodation Establishments where the number of lettable bedrooms exceed 8		**R 0.0096780**	**R 0.0111672**
(c)	**Other:**			
(ii)	Agricultural property		**R 0.0011167**	**R 0.0011167**
1	This is only applicable to owners of agricultural properties who are registered with the Receiver of Revenue as bona fide farmers			
(ii)	Properties registered in the name of;			
1	Public service infrastructure		**R 0.0013959**	**R 0.001396**
2	Public benefit organisations		**R 0.0013959**	**R 0.001396**
(d)	**Vacant Land:**			
(i)	Domestic		**R 0.0072267**	**R 0.0100505**
(ii)	Business		**R 0.0096777**	**R 0.0111672**
2	**RELIEF MEASURES RELATED TO CATEGORIES OF PROPERTIES**			
(1)	**Criteria for exemptions, rebates and reduction**			
1	The following will be taken into consideration for the purpose of granting exemptions, rebates or reductions in rates levied:			
(a)	**Residential properties occupied/improved**		**20%**	**20%**
	Rural properties occupied/improved		**50%**	**50%**
(b)	**Indigent status of the owner of a property - Social Rebate**			
	The obligation rests on owners to apply for this social rebate and may be granted to the owner in respect of one dwelling unit only.			
(i)	In respect of residential properties where;			
	the combined income of the household is less than R 2 500 per month			
	the rebate is granted only for one property which is occupied by the owner.			
(ii)	Upon submission of acceptable proof of these requirements, the persons in the income groups set out below will be granted a rebate of :-			
(iii)	Income Group less than R 30 000 per annum an additional reduction of (Social rebate [R2,500 X12 months])	Max p.m. R2,500.	**80%**	**80%**
(c)	**Nature and source of income of the owner a property. (e.g. pensions & social grants)**			
(i)	The obligation rests on owners to apply for this senior citizen rebate and may be granted to the owner in respect of one dwelling unit only, used exclusively for residential purposes and provided,			
(ii)	the owner submits acceptable proof that the combined gross monthly income of his and his spouse does not exceed the categories as set out in (c)(v)(a) to (d) below,			
(iii)	the rebate is granted only for one property which is occupied by the owner.			
(iv)	the owner is older than 60 years of age or has been declared medically unfit for work, then	60 Years		
(v)	Upon submission of acceptable proof of these requirements, the persons in the income groups set out below will be granted a rebate of :-			
(a)	Income Group less than R 60 000 per annum an additional reduction of	Max p.m. R5,000.	**80%**	**80%**
(b)	Income Group R 60 001 - R 72 000 per annum an additional reduction of	Max p.m. R6,000.	**70%**	**70%**
(c)	Income Group R 72 001 - R 84 000 per annum an additional reduction of	Max p.m. R8,000.	**60%**	**60%**
(d)	Income Group R 84 001 - R 96 000 per annum an additional reduction of	Max p.m. R8,000.	**40%**	**40%**
(e)	Income Group R 96 001 - R 108 000 per annum an additional reduction of	Max p.m. R9,000.	**20%**	**20%**
(f)	Income Group R 108 001 - R 120 000 per annum an additional reduction of	Max p.m. R10,000.	**10%**	**10%**
(g)	Income Group less than R 78 000 per annum an additional reduction of	Max p.m. R6,500.		**80%**
(h)	Income Group R 78 001 - R 90 000 per annum an additional reduction of	Max p.m. R7,500.		**60%**
(i)	Income Group R 90 001 - R 108 000 per annum an additional reduction of	Max p.m. R9,000.		**40%**

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (0% VAT)	Tariff 2012/13 (0% VAT)
1	**ASSESSMENT RATES**			
(d)	Income Group R 108 001 - R 144 000 per annum an additional reduction of	Max p.m. R12,000.		**20%**
(j)	Income Group R 144 001 - R 180 000 per annum an additional reduction of	Max p.m. R15,000.		**5%**
(d)	**Social or economic conditions of the area where the property is situated e.g. an area declared by the national or provincial government to be a disaster area within the meaning of Disaster Management Act, 2002 (Act.57 of 2002)**	On discretion of the Director Finance		
(e)	**Retention and restoration of historical buildings or buildings of cultural interest.**	On discretion of Director: Planning & Development	**20%**	**20%**
(f)	**The services provided to the community by public service organisations.**	R1(2)(c)(ii)2	**0%**	**0%**
(g)	**The need to preserve the unique natural environment that is Knysna;**	On discretion of the Director : Finance		
	upon application and submission of an auditable alien eradication plan to properties situated outside of the urban edge as defined in the Knysna Spatial Development Framework. Qualifying properties will be inspected annually			
	Receive a maximum rebate of		**50%**	**30%**
(h)	**Educational**			
	On Council approval and will be reviewed on a yearly basis.		**50%**	**50%**
(i)	**Sport**			
	Sports grounds used for the purpose of amateur and social activities, which are connected with such sport.		**75%**	**75%**
(j)	**New Business**			
	New Business owner without property in the Knysna area start-ups for a period of up to three years commencing from the start of that financial year the business first commenced trading but not prior to 1/7/2012	On discretion of the Director : Finance	**new tariff**	**100%**
(k)	The first R15 000 of domestic property value is exempt from rates as per the MPRA			
(l)	The next R50 000 of domestic property value is exempt as per Council resolution 31/5/12			
3	**RATES SETTLEMENT CONDITIONS**			
(1)	**Rates Payment Date**			
(2)	**Rates Overdue Date & Interest**			
(a)	Due date for annual property rates and service charges is at the commencement of each Financial Year being 1 July and such rates and services shall become overdue on the 30 September succeeding the commencement of each Financial Year.			
(b)	That the raising of interest on monthly paid rates and service charges be applied on a monthly basis on any amounts becoming overdue.	Prime Rate	**+ 1%**	**+ 1%**
	That the raising of interest on annually paid rates and service charges be applied on 1 October each year following on such rates and service charges becoming overdue.			
	Interest charged on arrear accounts 30 days and over.			
4	**SUNDRY CHARGES**			
(1)	**Rates**			
	A non refundable fee for the revaluation of	Per Property	**R 528**	**R 550**

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
2	**SOLID WASTE (REFUSE) SERVICE**			
2.1	**ANNUAL REFUSE CHARGES LEVIED PER PREMISES**			
	For the removal per week of not exceeding 200 dm3 (2x85Litre) refuse from each premises or dwelling unit used as residential and/or business premises, provided that where any structure consists of more than one dwelling unit each such dwelling unit shall be deemed to be separate premises to be charged as set out below :-			
2.1.1	**DOMESTIC**			
2.1.1.1	Domestic Residential - Full level of service Door to Door Subject to paragraph 2.2.	per premises / per annum	**R 677**	**R 697**
2.1.1.1 a	Wheelie Bin system to be charged at the rate as specified in 2.1.1.1			
	First "Wheelie bin" will be supplied free of charge. Replacements will be at the cost of the consumer.		**Cost + 15%**	**Cost + 15%**
2.1.1.1 b	Self Collection Development	per premises / per annum		
	Refuse removed from developments (where existing agreements are in place) from one central point at a tariff of sixty percent (60%) per unit per annum. The residents will be required by the Developer to participate in the Municipality's recycling Programme.			
2.1.1.1 b (i)	- From 1 July 2010 no new developments will qualify for this reduced charge	no reduction on charge	**R 677**	
2.1.1.1 b (ii)	- Onlyl existing developments with approved contracts will qualify for a rabate (Montage Village)	40% reduction of charge	**R 406**	**R 418**
2.1.2	**OLD AGE HOMES**			
2.1.2.1	State Subsidised Homes For The Aged [Vermont & Loeriehof]	per institution	**R 0**	**R 0**
2.1.2.2	Non-Subsidised Homes For The Aged [All Other Homes]	per premises	**R 1 344**	**R 1 384**
2.1.3 a	**BUSINESS AND OTHER PROPERTIES**			
	Cat 1 1-2 85 litre containers per premises, p.w.	annual charge	**R 1 357**	**R 1 398**
	Cat 2 3-6 85 litre containers per premises, p.w.	annual charge	**R 8 136**	**R 8 380**
	Cat 3 7-12 85 litre containers per premises, p.w.	annual charge	**R 16 272**	**R 16 760**
	Cat 4 13-18 85 litre containers per premises, p.w.	annual charge	**R 24 408**	**R 25 140**
	Cat 5 19-24 85 litre containers per premises, p.w.	annual charge	**R 32 544**	**R 33 520**
	Cat 6 25-30 85 litre containers per premises, p.w.	annual charge	**R 40 680**	**R 41 900**
	Cat 7 31-36 85 litre containers per premises, p.w.	annual charge	**R 48 816**	**R 50 280**
	Cat 8 37-42 85 litre containers per premises, p.w.	annual charge	**R 56 952**	**R 58 661**
	Cat 9 43-54 85 litre containers per premises, p.w.	annual charge	**R 73 224**	**R 75 421**
	Cat 10 55-60 85 litre containers per premises, p.w.	annual charge	**R 81 360**	**R 83 801**
	Cat 11 61-84 85 litre containers per premises, p.w.	annual charge	**R 113 904**	**R 117 321**
	Cat 12 85-90 85 litre containers per premises, p.w.	annual charge	**R 122 040**	**R 125 701**
	Cat 13 91-143 85 litre containers per premises, p.w.	annual charge	**R 123 397**	**R 127 099**
	Cat 14 144 -149 85 litre containers per premises, p.w.	annual charge	**R 202 056**	**R 208 118**
	Business tariffs aligned with domestic tariffs as per Councils Tariff Policy			
2.1.3 b	***This service to be phased out and replaced with Wheelie Bin system.***			
2.1.3 c	**BUSINESS AND OTHER PROPERTIES - Wheelie Bin**			
	Wheelie Bin 240 litre containers per premises, per container, 1 removal per week			
	Business charge equals Domestic charge divided by 2 divided 85 times 240.		**R 1 914**	**R 1 971**
	Wheelie Bin 770 litre containers per premises, per container, 1 removal per week			
	Business charge equals Domestic charge divided by 2 divided 85 times 770.		**R 6 142**	**R 6 326**
2.1.3.1	Existing properties assessed under this tariff shall be reviewed annually as to their number of containers.			
2.1.3.2	That where new businesses or a business complex or properties classified as "Other Properties" are established, the annual refuse charge shall be determined by the Director Community Services by means of an initial assessment of the refuse to be disposed of and shall be subject to review after 3 months dependent on the actual quantities removed during this initial period, and annually thereafter as per 2.1.3.1			
	Where more than one removal is required per week a charge based on the annual charge and as determined by the Director Community Services will be payable.			
2.2	**DOMESTIC SOLID WASTE (REFUSE) CHARGE SOCIAL REBATE**			
	Only in relation to annual charges			
	The obligation rests on owners to apply for this social rebate and may be granted to the owner in respect of one dwelling unit only, used exclusively for residential purposes and provided the owner submits acceptable proof that the combined gross monthly income of his and his spouse does not exceed :-			
2.2a	- Income Group R 0 - R 2 500 a reduction of 100%	p.a.	**-100.00%**	**-100.00%**
2.2b	- Income Group R 2 501 - R 3 500 a reduction of 50%	p.a.	**-50.00%**	**-50.00%**
2.2c	- Income Group R 3 501 - R 4 000 a reduction of 25%	p.a.	**-25.00%**	**-25.00%**
	Where a registered owner of a property is a pensioner receiving a government pension of not more than R1,010 [April 1, 2009] per month, applies for a 100% rebate and the spouse also receives the equivalent pension they be accommodated provided there are no other contributors to the household income.			

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
2	**SOLID WASTE (REFUSE) SERVICE**			
2.3	**VACANT ERVEN**			
2.3.1	In respect of vacant erven which are on route of the Refuse Removal Service of the Municipality or to which the service can, in the opinion of the Council, be readily rendered :-			
2.3.1.1	- Availability charge, per vacant erf	per erf p.a.	**R 1 250**	**R 1 290**
2.4	**SPECIAL REFUSE REMOVALS**			
2.4.1	A charge per load for special refuse removals undertaken by the Council where such special refuse removals are authorised by the Council, viz. :-			
2.4.1.1	-Special Removal	Per Load	**R 993**	**R 1 023**
	- Charge per ton	Per Ton (1000 Kilogram)	**R 289**	**R 298**
2.4.1.2	Charge for the removal of rejected waste (foodstuffs)	Per 100 kilogram	**R 34**	**R 35**
2.5	**DISPOSAL FEE - TRANSFER STATION**			
2.5.1	Where use is made of the Council's refuse transfer station, with the permission of the Head Cleansing and Refuse, for dumping refuse by business concerns, such shall be at a charge per ton :-			
2.5.1.1	Per Ton - (Per ton and for every additional ton)	Per ton	**R 190**	**R 195**
2.5.1.2	Per LDV up to1 Ton	Irrespective of volume of waste	**R 190**	**R 195**
2.5.1.3	Per LDV over 1 Ton	Irrespective of volume of waste	**R 190**	**R 195**
2.5.1.3 (a)	For each ton of the vehicle above 2 tons (3 ton R 195 + R 195 = R 389)	Irrespective of volume of waste	**R 190**	**R 195**
2.5.1.4	Per Trailer up to 1 ton	Irrespective of volume of waste	**R 190**	**R 195**
2.5.1.5	Per Trailer over I ton	Irrespective of volume of waste	**R 190**	**R 195**
2.5.1.5 (a)	For each ton of the vehicle above 2 tons (3 ton R 195 + R 195 = R 389)	Irrespective of volume of waste	**R 190**	**R 195**
2.6	**HIRE OF BULK CONTAINER**			
2.6.1	1 100 Litre - Hire of bulk container **to be phased out**	p.m.	**R 266**	**R 274**
2.6.2	770 Litre - Hire of bulk container	p.m.	**R 81**	**R 83**
2.7	**SALE OF BULK CONTAINER**			
2.7.1	770 Litre "Wheelie Bin"		**R 0**	**R 0**
2.7.2	240 Litre "Wheelie Bin"		**R 807**	**R 831**
2.8	**SALE OF REFUSE BAGS**			
2.8.1	Black Refuse Bags	Per Pack	**Cost + 15%**	**Cost + 15%**
2.8.2	Blue Refuse Bags - Garden Refuse per pack of 10	Per Pack	**Cost + 15%**	**Cost + 15%**
2.8.3	Green Bags	Per Pack	**R 0**	**R 0**
2.9	**REFUSE (NEW ERVEN) COLLECTION CHARGE**			
	For the inclusion of a new property into the refuse collection route			
2.9.1	Single residential	Per new erf	**R 693**	**R 714**
2.9.2	Group housing scheme	Per new unit	**R 659**	**R 679**
2.9.3	Commercial	Per bulk container required	**R 7 430**	**R 7 653**
2.10	**PROVISION OF CONTAINERS FOR SPECIAL EVENTS**			
2.10.1	240 Litre "Wheelie Bin"	Per container/service	**R 32**	**R 33**
2.10.2	770 Litre Container	Per container/service	**R 96**	**R 99**

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

3 WASTE WATER (SANITATION) SERVICE

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariffs 2012/13 (14% VAT Incl)
3.1	**SEPTIC AND CONSERVANCY TANKS**			
3.1a	Applicable to properties not served by reticulated water borne sewerage system			
3.1.1	**MANUAL BUCKET SYSTEM - REMOVALS**			
3.1.1.1	Manual bucket system - removals	per load or part thereof	**Cost + 15%**	**Cost + 15%**
3.1.2	**ALL PROPERTIES - Tanker Removals**			
3.1.2.1	**Business**			
3.1.2.1.1	Within a Radius of 10 Km of the Treatment Works	Minimum	**R 462**	**R 490**
3.1.2.1.2	Removals in excess of 10 Km of the Treatment Works	per KM	**R 46**	**R 49**
3.1.2.2	**Domestic**			
	To prevent misuse of this service due to transfer to Rates. Where there has been an excess of three (3) removals within the financial year, each additional removal be charged as below			
3.1.2.2.1	Within a Radius of 10 Km of the Treatment Works	Minimum	**R 462**	**R 490**
3.1.2.2.2	Removals in excess of 10 Km of the Treatment Works	per KM	**R 46**	**R 49**
3.2	**SEWERAGE / SEPTIC TANK CLEARANCES WEEKENDS & PUBLIC HOLIDAYS**			
3.2.1	Weekends and public holidays	per load or part thereof		
	Within a Radius of 10 Km of the Treatment Works	Minimum	**R 531**	**R 563**
	Removals in excess of 10 Km of the Treatment Works	per KM	**R 49**	**R 52**

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
	4 WASTE WATER (SEWERAGE) SERVICE			
4.1	**SEWERAGE CHARGES**			
4.2	**DOMESTIC PROPERTIES**			
4.2.1	Domestic properties shall be levied per residential unit irrespective of the number of water closets and be subject to paragraph 4.2.2 below			
4.2.1a	**Domestic Sewerage Annual Charge**	p.a..	**R 645**	**R 684**
4.2.1b	**Self Maintaining Developments**	per premises / per annum		
4.2.1b (i)	- From 1 July 2010 no new developments will qualify for this reduced charge	no reduction on charge	**R 645**	**R 684**
4.2.1b (ii)	- Only existing developments with approved contracts will qualify for a rabate (Hunters Village and Montage Village)	40% reduction on charge	**R 387**	**R 410**
4.2.2	**DOMESTIC SEWERAGE CHARGE SOCIAL REBATE**			
	Only in relation to annual charges			
	The obligation rests on owners to apply for this social rebate and may be granted to the owner in respect of one dwelling unit only, used exclusively for residential purposes and provided the owner submits acceptable proof that the combined gross monthly income of his and his spouse does not exceed :-			
4.2.2a	- Income Group R 0 - R 2 500 a reduction of 100%	p.a.	**-100.00%**	**-100.00%**
4.2.2b	- Income Group R 2 501 - R 3 500 a reduction of 50%	p.a.	**-50.00%**	**-50.00%**
4.2.2c	- Income Group R 3 501 - R 4 000 a reduction of 25%	p.a.	**-25.00%**	**-25.00%**
	Where a registered owner of a property is a pensioner receiving a government pension of not more than R1,010 [April 1, 2009] per month, applies for a 100% rebate and the spouse also receives the equivalent pension they be accommodated provided there are no other contributors to the household income.			
4.3	**ANNUAL SERVICE CHARGES**			
	All properties not defined as residential	per premises / per annum	**R 2 607**	**R 2 763**
4.4	**VACANT ERVEN**			
4.4.a	Availability charge, per vacant erf	per erf	**R 2 125**	**R 2 255**
4.4.1	**SEPTIC TANK EFFLUENT DRAINAGE [STED]**			
4.4.1	Sewerage Charge - Smutsville / Sizamile STED System (subject to 4.2.2 above)	Per unit, p.a.	**R 167**	**R 177**
4.5	**CONNECTION FEES**			
4.5.1	**Domestic Properties (properties where there is an existing connection point)**	Per unit	**R 456**	**R 483**
4.5.2	**Other Properties (properties where there is no connection point)**			
4.5.2a	Actual Cost plus percentage as determined by the Director Technical Services subject to 4.5.2b	Per dev.	**Cost + 15%**	**Cost + 15%**
4.5.2b	Minimum charge per development	Per dev.	**Cost + 15%**	**Cost + 15%**
4.5.2c	All first dwelling houses smaller than 50 square meters.	Per unit	**FREE**	**FREE**
4.6	**SEWERAGE EXTENSION CHARGES**			
4.6.1	Eastford / Welbedacht - Sewer reticulation	per erf	**R 14 185**	**R 15 036**
4.6.2	Brenton Extension 1 Sewer Capital Contribution per erf payable on first submission of building plan or on transfer of property which- ever occurs first.	per erf	**R 14 773**	**R 15 659**
4.6.3	Sewer extension fee , Salt River	per erf	**R 2 790**	**R 2 957**
4.7	**SEWERAGE AUGMENTATION**			
	Sewerage Augmentation Fee	per equivalent erf	**R 21 784**	**R 23 091**
4.8	**SEWERAGE TANKER DISPOSAL FEE AT SEWERAGE DISPOSAL WORKS (PRIVATE)**			
	Sewerage tanker disposal fee at sewerage treatment works for private contractors	per load	**R 278**	**R 295**

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
5	**WATER TRADING SERVICES**			
5.1	**DOMESTIC PROPERTY :-**			
5.1.1	**BASIC CHARGE**			
5.1.1a	Basic Charge	per premises p.a.	**R 1 381**	**R 1 464**
5.1.1b	Self Maintained Developments	per premises / per annum 60%	**R 828**	**R 878**
5.1.1b (ii)	Developments with approved contracts will qualify for a rabate (Hunters Village and Montage Village)	40% reductionon of charge	**R 829**	**R 879**
5.1.2	**CONSUMPTION CHARGES**			
	Domestic water consumption will for billing purposes be based on a daily average consumption proportionately averaged for a period of 365 days with an average reading cycle of 31 days. The tiers in the tariff are pro rated according to the days between readings. Consumers shall be charged at the normal domestic consumption charge as set out in 5.1.3 below.			
5.1.3	**NORMAL DOMESTIC CONSUMPTION CHARGE**			
		per kl		
5.1.3a	Consumption Charge : First 0 - 6 Kl		**R 0.00**	**R 0.00**
5.1.3b	Consumption Charge: 7 - 10 Kl		**R 8.58**	**R 9.09**
5.1.3c.c	Consumption Charge: 11 - 20 Kl		**R 13.77**	**R 14.60**
5.1.3d	Consumption Charge : Next 21 - 30 Kl		**R 15.84**	**R 16.79**
5.1.3e	Consumption Charge : Next 31 - 40 Kl		**R 16.70**	**R 17.70**
5.1.3f.	Consumption Charge : consumption in excess of 40 Kl		**R 28.02**	**R 29.70**
5.1.4	**BULK METERED DOMESTIC PROPERTY**			
5.1.4.1	In respect of bulk metered domestic property with more than one consumer fed off the bulk meter the Council offers the following alternative tariff options.			
5.1.4.1a	Alternative general residential development with single bulk meter.	per Kl	**R 14.74**	**R 15.62**
5.1.4.2	Bulk raw water domestic properties.	per Kl	**R 4.74**	**R 5.02**
5.1.5	**PRE-PAID WATER METERING : GOVERNMENT HOUSING SCHEMES ONLY [CONSUMPTION REBATED] - (Northern Areas)**			
	Where no Rates accounts rendered			
5.1.5.1	Consumption 0 - 6 Kl	Per Kl	**R 0.00**	**R 0.00**
5.1.5.2	Consumption 7 - 10 Kl	Per Kl	**R 7.01**	**R 7.43**
5.1.5.3	Consumption 11 - 20 Kl	Per Kl	**R 9.06**	**R 9.60**
5.1.5.4	Consumption > 20 Kl	Per Kl	**R 14.74**	**R 15.62**
5.2	**PRE-PAID WATER METERING (CM 8.5/30/9/1999) : NORMAL DOMESTIC CONSUMERS**			
	Where Rates accounts rendered			
5.2.1	**PRE-PAID WATER METERING: NORMAL DOMESTIC CONSUMERS**			
5.2.1a	Consumption 0 - 6 Kl	Per Kl	**R 0.00**	**R 0.00**
5.2.1b	Consumption 7 - 10 Kl	Per Kl	**R 8.58**	**R 9.09**
5.1.3c	Consumption 11 - 20 Kl	Per Kl	**R 13.77**	**R 14.60**
5.2.1d	Consumption 21 - 30 Kl	Per Kl	**R 15.84**	**R 16.79**
5.2.1e	Consumption 31 - 40 Kl	Per Kl	**R 16.70**	**R 17.70**
5.2.1f	Consumption > 40Kl	Per Kl	**R 28.02**	**R 29.70**

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

5 WATER TRADING SERVICES

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
5.2.2	**PREPAID VENDING SUNDRY CHARGES**			
5.2.2a	Replace Lost Token	per lost token	**R 109**	**R 115**
5.2.2b	Discount Tariff For Vendors	Per Kl	-10.00%	-10.00%
5.2.3	**CONVERSION TO PRE-PAID WATER METERING**			
5.2.3a	Conversion to pre-paid		**R 4 190**	**R 4 440**
5.2.3b	Where the consumer defaults on the payment of the water account three times in a year, the Council reserves the right to convert the metering to pre-paid water metering at the cost of the consumer with the agreement of the owner of the property;			
5.2.3c	The consumer account will be debited with this cost in addition to the reconnection fee;			
5.2.3d	Conversions of consumers in income group R 0 - R1 500 p.m..	Per application		
5.2.3e	That the Director Finance be given the authority to either apply the Credit Control Policy or to apply a "pre-debit" tariff for the repayment of debt and / or conversion costs for prepaid water meters solely in his discretion, provided :-			
5.2.3f	That where a consumer's water supply has been disconnected due to non-payment and it is established to the satisfaction of the Director Finance:			
5.2.3g	I) the level of arrear water debt is high;			
	II) that such consumer is unable to afford to pay all his current monthly charges;			
	III) that such consumer has no reasonable prospect of being able to settle the water arrears;			
	IV) that such consumer's monthly income is less than R800 per month;			
	V) that the continued non-supply of water to the house could create health problems;			
5.2.3h	The Director Finance shall request the Director Technical Services to install a prepaid water meter on such consumer's premises at no cost to the consumer and the arrears shall be reported to Council to be written off in excess of R1 000. (Per CM 10.I.2 /25/5/2000)			
5.3	**DOMESTIC WATER SERVICE CHARGE SOCIAL REBATE :-**			
5.3.1	The obligation rests on owners to apply for this social rebate and may be granted to the owner in respect of one dwelling unit only, used exclusively for residential purposes and provided the owner submits acceptable proof that the combined gross monthly income of his and his spouse does not exceed :-			
5.3.1a	- Income Group R 0 - R 2 500 a reduction of 100%	p.a.	**-100%**	**-100%**
5.3.1b	- Income Group R 2 501 - R 3 500 a reduction of 50%	p.a.	**-50%**	**-50%**
5.3.1c	- Income Group R 3 501 - R 4 000 a reduction of 25%	p.a.	**-25%**	**-25%**
5.3.2	Where a registered owner of a property is a pensioner receiving a government pension of not more than R1,010 [April 1, 2009] per month, applies for a 100% rebate and the spouse also receives the equivalent pension they be accommodated provided there are no other contributors to the household income.			
5.4	**WATER DEPOSITS :-**			
5.4.1	**DOMESTIC WATER DEPOSIT**			
5.4.2	Prior to a standard metered supply of water being made available a consumer must lodge with the Director Finance a cash deposit determined by taking into account the combined income of the consumer and his spouse, proof of which must be provided, as set out below :-			
5.4.2a	Income Group R 0 - R 4,000 p.m.		**R 0**	**R 0**
5.4.2b	Income Group above R 4,000 p.m.	No VAT Charged	**R 756**	**R 801**
5.4.3	Determined by the Director Technical Services on receipt of an application for a supply connection or reconnection to a property to be used for industrial purposes wherein the applicant shall indicate an estimate of the monthly water consumption. The initial deposit or bank guarantee so lodged shall be subject to review after 3 months by the Director Finance.			
5.4.4	Despite a consumer having lodged a deposit in terms of the scale of consumers deposits as set out the Director Finance shall review and increase the deposit should the consumer have to be disconnected for non-payment of account.			
5.4.5	That the Council agrees to the Director Finance conducting a review of all bank guarantees lodged in lieu of a water consumer deposit every two years in August.			
5.4.6	The increased water guarantee to be lodged with the Council shall be the equivalent amount payable under the applicable water tariff which the consumer, in the Director Finance's opinion, is likely to consume during three consecutive months and is to be based on the consumption over the previous 6 months.			
5.4.7	Notwithstanding the provision the Director Finance may, in lieu of a cash deposit exceeding R500.00, accept a bank guarantee from a consumer as security for the payment of any account that may become due by such consumer for the supply of water, provided that such guarantee shall be for an amount to be determined in terms of the above provisions and is in a format acceptable to Council.			

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

5 WATER TRADING SERVICES

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
5.4.8	Any security deposited by a customer in cash or as a bank guarantee for a supply of electricity shall cover a supply of 3 months and shall be held as security to be offset against the customers account only in the event of termination of the supply agreement or default of the consumer.			
5.4.9	In the event that a customer has not claimed a refund of a cash deposit, after terminating the supply agreement or has for whatever reason ceased to receive a supply for one year, then on the expiry of one year such deposit shall be forfeited to the Council.			
5.5	**SPORTING ORGANISATIONS :-**			
5.5.1	**SERVICE CHARGE PER ANNUM**	per premises	**R 743**	**R 788**
5.5.2	**CONSUMPTION CHARGES**			
5.5.1	Consumption	per Kl	**R 8.53**	**R 9**
5.5.3	**WATER DEPOSITS :-**			
5.5.3.1	**SPORTING ORGANISATIONS WATER DEPOSIT**			
5.5.3.1a	Sports Bodies Water Deposit	No VAT Charged	**R 385**	**R 408**
5.6	**SCHOOLS :-**			
5.6.1	Service Charge per annum	per premises	**R 2 297**	**R 2 435**
5.6.2	Consumption Charge	per Kl	**R 9.50**	**R 10.07**
5.6.3	Where there are residential premises on the school property and a unique service charge is paid on each of these premises an allowance of 6Kl of free water per month for each residential premises is applicable.			
5.7	**BUSINESS :-**			
5.7.1	Service Charge per annum	per premises	**R 2 790**	**R 2 957**
5.7.1a	Consumption Charge	per Kl	**R 16.51**	**R 17.50**
5.7.2	Where there are residential premises on the business property and a unique service charge is paid on each of these premises an allowance of 6Kl of free water per month for each residential premises is applicable.			
5.7.3	**WATER DEPOSITS :-**			
5.7.3.1	**BUSINESS / OTHER - ORGANISATIONS WATER DEPOSIT**			
		No VAT Charged		
5.7.3.1a	Business Water Deposit	3 month supply +/- 61Kl	**R 891**	**R 944**
5.7.3.1b	Other Properties Water Deposit	3 month supply +/- 61Kl	**R 464**	**R 492**
5.7.3.1c	Industrial Concerns Water Deposit	On Application	**R 891**	**R 944**
5.8	**RAW WATER (By Agreement) : -**			
5.8.1	**RAW WATER BASIC OR MINIMUM CHARGE**			
5.8.1a	Water Minimum Charge: Sparrebosch Golf Course - Bigai Stream Raw Water Supply Line (Currently not in operation)	Based on minimum of 50 Kl per month at rate		
5.8.2	**WATER CONSUMPTION**			
5.8.2a	Consumption Charge : First 0 - 6 Kl	per Kl	**R 0.00**	**R 0.00**
5.8.2b	Consumption Charge : Next 7 - 15 Kl	per Kl	**R 2.39**	**R 2.53**
5.8.2c	Consumption Charge : Next 16 - 30 Kl	per Kl	**R 3.58**	**R 3.79**
5.8.2d	Consumption Charge : Next 31 - 60 Kl	per Kl	**R 5.97**	**R 6.33**
5.8.2e	Consumption excess of 60 kl	per Kl	**R 9.55**	**R 10.12**

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
5	**WATER TRADING SERVICES**			
5.9	**SPECIFIC CONSUMERS: Pledge Park Erf 211; Public Park Hornlee Erf 4822; Fraaisig Recreational Park Erf 4526 & Steenbok Nature Reserve Erf 2813 (Purified Water, CM 8.I.12 of 27/7/2000)**			
5.9.1	Service Charge N/A	None	**Free**	**Free**
5.9.2	Consumption Charge p.m.	per Kl	**R 5.71**	**R 6.05**
5.10	**WATER EXTENSION CHARGES :-**			
5.10.1	Eastford Upper Scheme - Water reticulation	per erf	**R 23 098**	**R 24 484**
5.10.2	Eastford Lower scheme - Water reticulation	per erf	**R 8 660**	**R 9 180**
5.10.3	Brenton, Portion 77 Of Uitzicht 216 - Water reticulation	per erf	**R 10 971**	**R 11 629**
5.10.4	Green Pastures	per erf	**R 8 912**	**R 9 447**
5.11	**SUNDRY CHARGES :-**			
5.11.1	Metered Fire Hydrant / Swimming Pools Water Sales	per Kl.	**R 14.28**	**R 15.10**
5.11.2	Reconnection Fee (Consumer Moving Into Property)	per service	**R 181**	**R 192**
5.11.3	Disconnection Fee (Consumer Moving out of Property)	per service	**R 181**	**R 192**
5.11.4	Penalty Reconnection Fee (For Non-payment Of Account)	per service	**R 200**	**R 212**
5.11.5a	Meters up to 32mm	per service	**R 845**	**R 896**
5.11.5b	Meters between 40mm and 100mm	per service	**R 1 702**	**R 1 804**
5.11.5c	Meters over 100mm	per service	**R 2 475**	**R 2 624**
5.11.6	Special Reading	per service	**R 181**	**R 192**
5.11.7a	Meters up to 32mm	per service	**R 556**	**R 589**
5.11.7b	Meters over 32mm	per service	**Cost + 15%**	**Cost + 15%**
5.11.8	Construct new bulk water meter chamber	per service	**R 16 144**	**R 17 113**
5.11.9	Arrear Interest charges on accounts 30 days and over.		**Bank Rate +1%**	**Bank Rate +1%**
5.12	**SALE UNMETERED WATER : TANKER DELIVERIES :-**			
5.12.1	Minimum Charge	per load or part	**R 495**	**R 525**
5.12.2	Travelling Cost To and From Delivery Point	per Km	**R 57**	**R 60**
5.13	**NEW CONNECTIONS [Within 20m of water main] :-**			
5.13.1	New Connection 15 mm - Connection rebate subject to 5.14.8 below	Assisted Cost	**R 145**	**R 154**
5.13.2	New Connection 15 mm, subject to 5.14.9 below	per connection	**R 4 468**	**R 4 736**
5.13.3	New Connection 20 mm, subject to 5.14.9 below	per connection	**R 4 733**	**R 5 017**
5.13.4	New Connection 25 mm, subject to 5.14.9 below	per connection	**R 5 748**	**R 6 093**
5.13.5	New Connection 32 mm, subject to 5.14.9 below	per connection	**R 10 626**	**R 11 264**
5.13.6	New Connection 50 mm, subject to 5.14.9 below	per connection	**R 37 771**	**R 40 037**
5.13.7	New Connection 75 mm, subject to 5.14.9 below	per connection	**R 41 224**	**R 43 697**
	For 50mm and 75mm connections the cost of building a water meter chamber has been included.			
5.13.8	The reduced fee per 5.1.5.1 applies to a consumer who submits acceptable proof that the combined gross monthly income of his and his spouse does not exceed R1200 pm, and is granted in respect of one dwelling unit only used exclusively for residential purposes [CM May 1997].	per connection		
5.13.9	New connections longer than 20 meters in length from the water main shall be provided at cost plus 15%.	per connection	**Cost + 15%**	**Cost + 15%**
5.13.10	All residential buildings less than 50 square meters and must be first home builders.	per connection	**R 217**	**R 230**
5.13.11	New Prepaid Connection 15 mm	per connection	**R 3 840**	**R 4 070**
5.13.12	New Prepaid Connection 20 mm	per connection	**R 3 924**	**R 4 159**
5.14	**AVAILABILITY CHARGE - VACANT ERVEN :-**			
5.14.1	Availability Charge per annum	per erf	**R 2 132**	**R 2 260**

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
5	**WATER TRADING SERVICES**			
5.15	**PROVISIONS APPLICABLE TO PAYMENT OF ACCOUNTS :-**			
5.15.1	The consumer shall pay the above-mentioned monthly accounts provided that if the consumer fails to pay such charges after the Council has taken such steps as it may consider reasonable to collect such charges, the owner of the premises shall be liable to pay on demand such charges as remain.			
5.15.2	All accounts become payable when dispatched from the offices of the Director Finance, and should any amount remain unpaid after the date reflected on the account, the Council shall have the right to disconnect the service to which the account relates without further notice. The due date reflected on the account shall not be less than ten calendar days from the date of dispatch of the account.			
5.15.3	An error or omission in any account or failure to render an account shall not relieve the consumer of his obligation to pay the correct amount due, and the onus shall be on the consumer to satisfy himself that the account rendered is in accordance with the prescribed tariff of charges.			
5.16	**WATER AUGMENTATION FEE**			
5.16.1	Water Augmentation	Per equivalent erf	**R 38 302**	**R 40 600**
5.17	**SERVICE CALLS**			
5.17.1	When the Council is called upon by a consumer to attend to any fault or failure of supply at his premises and such fault or failure is not attributed to the Council's staff or equipment, the fee for such service shall be as follows :-	per service	**R 266**	**R 282**
5.18	**TAMPERING WITH PREPAID METERS**			
	A service charge for the first incident of a meter tampering will be billed to the customer who benefited from the tampering.	per incident	**R 923**	**R 978**
	A service charge for the second incident of a meter tampering will be billed to the customer who benefited from the tampering.	per incident	**R 1 366**	**R 1 448**
	A service charge for the third incident of a meter tampering will be billed to the customer who benefited from the tampering.	per incident	**R 1 822**	**R 1 931**
	After the 4th tamper the meter shall be removed and a new connection fee shall be payable before supply is re-instated.			
5.19	**ILLEGAL WATER CONNECTIONS**			
5.19.1	A fine for connecting illegally to a municipal water main will be billed to the customer who benefited from the illegal connection	per incident	**R 8 639**	**R 9 157**
5.20	**SURCHARGE: INACCESSIBLE WATER METERS**			
5.20.1	Customers will be notified in writing whenever a water meter has for whatever reason become inaccessible. Consumers will have 14 days from the date of notification to arrange for a reading to be taken.			
5.20.2	A surcharge will thereafter be levied if no response is received on or before the notice period has expired.	per incident	**R 314**	**R 333**
5.21	**A PUNITIVE CONSUMPTION CHARGE OF UP TO 25% ON ALL TARIFFS MAY BE IMPOSED BY SPECIAL RESOLUTION OF COUNCIL DEPENDING ON AVAILABILITY OF RAW WATER**			
5.22				
5.22.1	Conditions			
5.22.1.1	Domestic and Business: In terms of water leaks the following Council Policy will apply [CR 28/11/96]			
(i)	Relief of 70% on excess water within 30 days of the first excessive account			
(ii)	Relief of 50% on excess water within 60 days of the first excessive account			
(iii)	Relief of 30% on excess water within 90 days of the first excessive account			

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
6	**ELECTRICITY TRADING SERVICE**			
6.1	**CLASS OF CONSUMER**			
6.1.1 (a)	**Tariff 1 and 2 : Domestic**			
	Private dwellings, individual flats, unlicensed residential, social clubs, libraries, museums, churches and church halls, charitable institutions, non-profit organisations, homeowners associations and electric gates not exceeding a rating of 60 Amp per phase. In the case of consumers in the Housing Schemes the maximum rating shall be 20 Amp, but this maximum may be exceeded at the discretion of the Electrotechnical Engineer. All new applications will only be metered by means of a prepaid meter.			
6.1.1 (b)	**Tariff 3 ; 4 and 5 : Commercial**			
	Any new commercial or industrial consumer not exceeding a rating of 100 Amp per phase, will only be metered by means of a prepaid meter. Commercial consumers may reconnect on an existing credit meter. Any change from conventional to prepaid metering will be for the cost of the consumer. Only 30; 60 and 100 Amp ratings are available.			
6.1.1 (c)	**Tariff 7 : Bulk Supply**			
	Any consumer having a notified maximum demand in excess of 66 kVA (101Amps).			
6.1.1 (d)	**Tariff 9 : Street Lighting**			
	Installations maintained by the Council.			
6.1.1 (e)	**Tariff 10 : Sports Clubs**			
	Athletic and Sports Clubs operating on premises leased from the Council or occupied by them.			
6.1.1 (f)	**Tariff 11 : Availability**			
	An erf , with or without improvements, or, any individual flat or office suite held under sectional title deed, situated within the Municipal Area, which is not connected to the Council's Electricity Supply and which in the opinion of the Council, can reasonably be so connected.			
6.1.2	**TARIFF USE RESTRICTION**			
	No consumer shall be entitled to use more than one of the foregoing tariffs on any premises without the prior approval, in writing, of the Electrotechnical Engineer.			
6.1.3	**ELECTRICITY RESALE RESTRICTION**			
	The resale of electricity must comply with Section 20 of the Standard Electricity By-Laws. An Admin fee may be charged by Re-sellers.			
6.1.4	**SUPPLY CONTRACT**			
	Electricity shall be supplied under these tariffs by contract made or implied, and, with the exemption of approved charges in tenancy, such contract shall be subject to the provisions of section 5 of the Additional Electricity Supply By-Law. If the applicant for an electricity supply is not the owner of the relevant premises, no such supply shall be given by the Council unless, and until such time as the permission of the owner of the premises, or his appointed agent, is given to Council in writing. In such an event the owner ceases to be a consumer in respect of such premises and he will upon again becoming a consumer of such premises have to pay the electricity deposit prescribed in paragraph 6.10.			
6.1.5	**BASIC CHARGES**			
6.1.5.1	**Conventional Metering**			
	The fixed basic (service) charges shall be payable at the rate indicated from every month, or portion thereof, following the date upon which the consumer has applied for the services to be connected or upon which the Council is ready to effect such connection to the supply mains, whichever may be the later, irrespective of whether the supply of electricity is used or not.			
6.1.5.2	**Prepaid Metering**			
	Prepaid meters will have a fixed daily rate.			
6.1.6	**HOLIDAY HOUSE**			
6.1.6.1	A single residential property at which electricity (kWh) has not been purchased for three consecutive months is classified as a "Holiday Home".			
6.1.6.2	In order to change the name of the consumer as well as the tariff codes etc. an administration fee will be charged whenever a holiday house becomes permanently occupied.			
6.1.6.3	The responsibility to prove that a house is/was physically permanently occupied, will be on the onus of the applicant.			
6.1.6.4	The same tariff as Domestic Prepaid Electricity Meter is applicable where a Daily Rate is charged. If the criteria is met , application can be made on a yearly basis for an electrical consumption assessment in order to qualify for the All Inclusive Energy Charge.			
6.2	**SUPPLY RATING**			

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
6	**ELECTRICITY TRADING SERVICE**			
6.2.1	**ALTERATION OF SUPPLY RATING**			
	In respect of tariffs 1, 2, 3 and 5 one month's written notice shall be given if a consumer wishes to alter the rating of the Council's circuit breaker installed under these tariffs, except that a reduction in size will only be permitted in respect of tariffs 1 and 2 within **6 months of a previous change in the circuit breaker size.** The following fees are payable in advance and must accompany the written notice for a change in circuit breaker size :-			
	Consumers Within Municipal Area: Downgrades / Upgrades			
6.2.1.1	Single phase credit meter connections	per connection	**R 600**	**R 390**
6.2.1.2	Three Phase credit meter connections	per connection	**R 1 400**	**R 950**
6.2.1.3	Prepaid Metering - Single and Three Phase	per connection	**R 530**	**R 390**
6.2.2	***Change from Three Phase to Single Phase***			
	Change from three phase Conventional or Prepaid to single phase prepaid metering only	per connection	**R 1 700**	**R 1 000**
6.3	**TARIFFS : PREPAID METERING**			
6.3.1	**TARIFF 1[A] : DOMESTIC - ELECTRIFICATION SCHEME**			
	Prepaid Metering: Single Phase			
	ENERGY CHARGES			
6.3.1.1	**20A : Electrification Housing Scheme (Limited to 20A)**			
	Pre Paid Electricity Tariff limited to 400kWh and first 50kWh free			
	Block 1: 0 - 50kWh	cents per kWh	**R 0.0000**	**R 0.0000**
	Block 2: 51 - 350kWh		**R 0.8094**	**R 0.9120**
	Block 3: 351 - 600kWh		**R 1.1058**	**R 1.2312**
	Block 4: 601 - 800kWh		**R 1.1970**	**R 1.3338**
	Block 5: > 801kWh		**R 1.2882**	**R 1.4250**
6.3.2	**TARIFF 1[B] : DOMESTIC - Where no Rates accounts rendered (Northern Areas)**			
	Prepaid Electricity Metering			
6.3.2.1	**30A : Domestic Consumption**			
	Block 1: 0 - 50kWh	cents per kWh	**R 0.7068**	**R 0.7410**
	Block 2: 51 - 350kWh		**R 0.8094**	**R 0.9234**
	Block 3: 351 - 600kWh		**R 1.1058**	**R 1.2312**
	Block 4: 601 - 800kWh		**R 1.1970**	**R 1.3338**
	Block 5: > 801kWh		**R 1.2882**	**R 1.4250**
	Daily Rate		**R 1.2882**	**R 1.4250**
6.3.2.2	**60A : Domestic Consumption**			
	Block 1: 0 - 50kWh	cents per kWh	**R 0.7068**	**R 0.7410**
	Block 2: 51 - 350kWh		**R 0.8094**	**R 0.9234**
	Block 3: 351 - 600kWh		**R 1.1058**	**R 1.2312**
	Block 4: 601 - 800kWh		**R 1.1970**	**R 1.3338**
	Block 5: > 801kWh		**R 1.2882**	**R 1.4250**
	Daily Rate		**R 2.5764**	**R 2.8500**
6.3.4	**TARIFF 1[C] : DOMESTIC - ALL INCLUSIVE ENERGY TARIFF**			
	Limited to single phase 60A or the maximum design capacity of the network supplying the area, e.g. 30A, and only for electrification and residential areas. Application must be made to convert to this tariff and it will be at the discretion of the Electrotechnical Engineer if the criteria is met. Monthly purchases of electricity have to be made for at least 11 of the prior 12 consecutive months in order to qualify for the following year. This tariff has the Daily Rate built into the energy charge of Blocks 1&2. This tariff is NOT available to holiday houses, the commercial sector or 3Phase metering.			
6.3.4.1	Block 1: 0 - 50kWh	cents per kWh	**R 0.9120**	**R 0.9690**
	Block 2: 51 - 350kWh		**R 1.0146**	**R 1.1628**
	Block 3: 351 - 600kWh		**R 1.1172**	**R 1.2426**
	Block 4: 601 - 800kWh		**R 1.2084**	**R 1.3452**
	Block 5: > 801kWh		**R 1.2996**	**R 1.4364**
	No Daily Rate applicable			

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
6	**ELECTRICITY TRADING SERVICE**			
6.3.5	**TARIFF 1[D] : DOMESTIC - Where Rates accounts are rendered**			
	Prepaid Electricity Metering			
6.3.5.1	**30A : Domestic Consumption**			
	Block 1: 0 - 50kWh	cents per kWh	R 0.7068	R 0.7410
	Block 2: 51 - 350kWh		R 0.8094	R 0.9234
	Block 3: 351 - 600kWh		R 1.1058	R 1.2312
	Block 4: 601 - 800kWh		R 1.1970	R 1.3338
	Block 5: > 801kWh		R 1.2882	R 1.4250
	Daily Rate		R 1.2882	R 1.4250
6.3.5.2	**60A : Domestic Consumption**			
	Block 1: 0 - 50kWh	cents per kWh	R 0.7068	R 0.7410
	Block 2: 51 - 350kWh		R 0.8094	R 0.9234
	Block 3: 351 - 600kWh		R 1.1058	R 1.2312
	Block 4: 601 - 800kWh		R 1.1970	R 1.3338
	Block 5: > 801kWh		R 1.2882	R 1.4250
	Daily Rate		R 2.5764	R 2.8500
6.3.6	**TARIFF 1[E] : DOMESTIC - THREE PHASE**			
	Prepaid Electricity Metering			
6.3.6.1	**30A : Domestic Consumption**			
	Block 1: 0 - 50kWh	cents per kWh	R 0.7068	R 0.7410
	Block 2: 51 - 350kWh		R 0.8094	R 0.9234
	Block 3: 351 - 600kWh		R 1.1058	R 1.2312
	Block 4: 601 - 800kWh		R 1.1970	R 1.3338
	Block 5: > 801kWh		R 1.2882	R 1.4250
	Daily Rate		R 3.7392	R 4.1382
6.3.6.2	**60A : Domestic Consumption**			
	Block 1: 0 - 50kWh	cents per kWh	R 0.7068	R 0.7410
	Block 2: 51 - 350kWh		R 0.8094	R 0.9234
	Block 3: 351 - 600kWh		R 1.1058	R 1.2312
	Block 4: 601 - 800kWh		R 1.1970	R 1.3338
	Block 5: > 801kWh		R 1.2882	R 1.4250
	Daily Rate		R 7.4784	R 8.2650
6.3.7	**TARIFF 1[F] : DOMESTIC - HOLIDAY HOMES**			
	Single Phase and Three Phase Prepaid Metering			
6.3.7.1	**30A : SINGLE PHASE Domestic Consumption**			
	Block 1: 0 - 50kWh	cents per kWh	R 0.7068	R 0.7410
	Block 2: 51 - 350kWh		R 0.8094	R 0.9234
	Block 3: 351 - 600kWh		R 1.1058	R 1.2312
	Block 4: 601 - 800kWh		R 1.1970	R 1.3338
	Block 5: > 801kWh		R 1.2882	R 1.4250
	Daily Rate		R 1.2882	R 1.4250
6.3.7.2	**60A : SINGLE PHASE Domestic Consumption**			
	Block 1: 0 - 50kWh	cents per kWh	R 0.7068	R 0.7410
	Block 2: 51 - 350kWh		R 0.8094	R 0.9234
	Block 3: 351 - 600kWh		R 1.1058	R 1.2312
	Block 4: 601 - 800kWh		R 1.1970	R 1.3338
	Block 5: > 801kWh		R 1.2882	R 1.4250
	Daily Rate		R 2.5764	R 2.8500
6.3.7.3	**30A : THREE PHASE Domestic Consumption**			
	Block 1: 0 - 50kWh	cents per kWh	R 0.7068	R 0.7410
	Block 2: 51 - 350kWh		R 0.8094	R 0.9234
	Block 3: 351 - 600kWh		R 1.1058	R 1.2312
	Block 4: 601 - 800kWh		R 1.1970	R 1.3338
	Block 5: > 801kWh		R 1.2882	R 1.4250
	Daily Rate		R 3.7392	R 4.1382

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
6	**ELECTRICITY TRADING SERVICE**			
6.3.7.4	**60A : THREE PHASE Domestic Consumption**			
	Block 1: 0 - 50kWh	cents per kWh	**R 0.7068**	**R 0.7410**
	Block 2: 51 - 350kWh		**R 0.8094**	**R 0.9234**
	Block 3: 351 - 600kWh		**R 1.1058**	**R 1.2312**
	Block 4: 601 - 800kWh		**R 1.1970**	**R 1.3338**
	Block 5: > 801kWh		**R 1.2882**	**R 1.4250**
	Daily Rate		**R 7.4784**	**R 8.2650**
6.3.8	**TARIFF 3[A] : COMMERCIAL SINGLE PHASE**			
6.3.8.1	**30 Amp : Commercial Consumption**			
	Consumption charge no limit to units	cents per kWh	**R 1.1286**	**R 1.2882**
	Daily Rate	per day	**R 5.3922**	**R 5.3922**
6.3.8.2	**60 Amp : Commercial Consumption**			
	Consumption charge no limit to units	cents per kWh	**R 1.1286**	**R 1.2882**
	Daily Rate	per day	**R 10.7844**	**R 10.7844**
6.3.9	**TARIFF 3[B] : COMMERCIAL THREE PHASE**			
6.3.9.1	**30 Amp : Commercial Consumption**			
	Consumption charge no limit to units	cents per kWh	**R 1.1286**	**R 1.2882**
	Daily Rate	per day	**R 15.6408**	**R 15.6408**
6.3.9.2	**60 Amp : Commercial Consumption**			
	Consumption charge no limit to units	cents per kWh	**R 1.1286**	**R 1.2882**
	Daily Rate	per day	**R 31.2816**	**R 31.2816**
6.3.9.3	**100 Amp : Commercial Consumption**			
	Consumption charge no limit to units	cents per kWh	**R 1.1286**	**R 1.2882**
	Daily Rate	per day	**R 52.1322**	**R 52.1322**
	TARIFFS : CONVENTIONAL METERING (CREDIT METER)			
6.3.10	**TARIFF 2[A] : DOMESTIC SINGLE PHASE**			
	Standard Metering			
6.3.10.1	**30A : SINGLE PHASE Domestic Consumption**			
	Block 1: 0 - 50kWh	cents per kWh	**R 0.7068**	**R 0.7410**
	Block 2: 51 - 350kWh		**R 0.8094**	**R 0.9234**
	Block 3: 351 - 600kWh		**R 1.1058**	**R 1.2312**
	Block 4: 601 - 800kWh		**R 1.1970**	**R 1.3338**
	Block 5: > 801kWh		**R 1.2882**	**R 1.4250**
	Monthly Basic Charge		**R 78.6600**	**R 78.6600**
6.3.10.2	**60A : SINGLE PHASE Domestic Consumption**			
	Block 1: 0 - 50kWh	cents per kWh	**R 0.7068**	**R 0.7410**
	Block 2: 51 - 350kWh		**R 0.8094**	**R 0.9234**
	Block 3: 351 - 600kWh		**R 1.1058**	**R 1.2312**
	Block 4: 601 - 800kWh		**R 1.1970**	**R 1.3338**
	Block 5: > 801kWh		**R 1.2882**	**R 1.4250**
	Monthly Basic Charge		**R 157.3200**	**R 157.3200**
6.3.10.3	**80A : SINGLE PHASE Domestic Consumption (NOT AVAILABLE FOR NEW CONSUMERS OR CHANGE OF CONSUMER)**			
	Block 1: 0 - 50kWh	cents per kWh	**R 0.7068**	**R 0.7410**
	Block 2: 51 - 350kWh		**R 0.8094**	**R 0.9234**
	Block 3: 351 - 600kWh		**R 1.1058**	**R 1.2312**
	Block 4: 601 - 800kWh		**R 1.1970**	**R 1.3338**
	Block 5: > 801kWh		**R 1.2882**	**R 1.4250**
	Monthly Basic Charge		**R 370.2720**	**R 410.4000**

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
6	**ELECTRICITY TRADING SERVICE**			
6.3.11	**TARIFF 2[B] : DOMESTIC THREE PHASE**			
	Standard Metering			
	These charges shall also apply to polyphase connections but the monthly basic charge shall be payable at the rates per ampere rating of the polyphase circuit breaker installed multiplied by the number of poles.			
	A monthly minimum basic charge, based on 30 amperes per phase shall be payable by the owner of a building where an individual consumer service connection is installed, and will also be applicable to all consumer service connections which temporarily do not make use of the consumer service connection. For the application of this tariff the owner shall be as is described in section 2 of the Valuation Ordinance of 1993.			
	In such cases where an ampere rating falls in between any of the above ampere categories the basic charge applicable to such case shall be the higher basic charge.			
6.3.11.1	**30A : 3 PHASE Domestic Consumption**			
	Block 1: 0 - 50kWh	cents per kWh	**R 0.7068**	**R 0.7410**
	Block 2: 51 - 350kWh		**R 0.8094**	**R 0.9234**
	Block 3: 351 - 600kWh		**R 1.1058**	**R 1.2312**
	Block 4: 601 - 800kWh		**R 1.1970**	**R 1.3338**
	Block 5: > 801kWh		**R 1.2882**	**R 1.4250**
	Monthly Basic Charge		**R 228.1140**	**R 228.0000**
6.3.11.2	**60A : 3 PHASE Domestic Consumption**			
	Block 1: 0 - 50kWh	cents per kWh	**R 0.7068**	**R 0.7410**
	Block 2: 51 - 350kWh		**R 0.8094**	**R 0.9234**
	Block 3: 351 - 600kWh		**R 1.1058**	**R 1.2312**
	Block 4: 601 - 800kWh		**R 1.1970**	**R 1.3338**
	Block 5: > 801kWh		**R 1.2882**	**R 1.4250**
	Monthly Basic Charge		**R 560.2800**	**R 560.0000**
6.3.12	**TARIFF 5[A] : COMMERCIAL SINGLE PHASE**			
	Standard Metering: Single Phase			
6.3.12.1	**30 Amp : Commercial Consumption**			
	Consumption charge no limit to units	cents per kWh	**R 1.1286**	**R 1.2882**
	Basic Charge	per billing mth	**R 205.2000**	**R 205.2000**
6.3.12.2	**60 Amp : Commercial Consumption**			
	Consumption charge no limit to units	cents per kWh	**R 1.1286**	**R 1.2882**
	Basic Charge	per billing mth	**R 410.4000**	**R 410.4000**
6.3.12.3	**80 Amp : Commercial Consumption (NOT AVAILABLE TO NEW CONSUMERS OR CHANGE OF CONSUMER)**			
	Consumption charge no limit to units	cents per kWh	**R 1.1286**	**R 1.2882**
	Basic Charge	per billing mth	**R 794.5800**	**R 882.3600**
6.3.12.4	**100 Amp : Commercial Consumption (NOT AVAILABLE TO NEW CONSUMERS OR CHANGE OF CONSUMER)**			
	Consumption charge no limit to units	cents per kWh	**R 1.1286**	**R 1.2882**
	Basic Charge	per billing mth	**R 1 190.1600**	**R 1 190.1600**
6.3.13	**TARIFF 5[B] : COMMERCIAL THREE PHASE**			
	Standard Metering: Three Phase			
	A monthly minimum basic charge, based on 30 Amps per phase, shall be payable by the owner of a building where an individual consumer service connection is installed, and will also be applicable to all consumer service connections which temporarily do not make use of the consumer service connection. For the application of this tariff the owner shall be as is described in section 2 of the Valuation Ordinance of 1993.			
6.3.13.1	**30 Amp : Commercial Consumption**			
	Consumption charge no limit to units	cents per kWh	**R 1.1286**	**R 1.2882**
	Basic Charge	per billing mth	**R 595.0800**	**R 595.0800**
6.3.13.2	**60 Amp : Commercial Consumption**			
	Consumption charge no limit to units	cents per kWh	**R 1.1286**	**R 1.2882**
	Basic Charge	per billing mth	**R 1 190.1600**	**R 1 190.1600**

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
6	**ELECTRICITY TRADING SERVICE**			
6.3.13.3	**80 Amp : Commercial Consumption (NOT AVAILABLE TO NEW CONSUMERS OR CHANGE OF CONSUMER)**			
	Consumption charge no limit to units	cents per kWh	**R 1.1286**	**R 1.2882**
	Basic Charge	per billing mth	**R 1 904.2560**	**R 1 983.6000**
6.3.13.4	**100 Amp : Commercial Consumption**			
	Consumption charge no limit to units	cents per kWh	**R 1.1286**	**R 1.2882**
	Basic Charge	per billing mth	**R 1 983.6000**	**R 1 983.6000**
6.3.14	**TARIFF 7[A] : BULK SUPPLY**			
	Conditions Of Supply			
6.3.14.1	Minimum Notified Maximum Demand shall be 66 kVA			
6.3.14.2	The supply of electricity to consumers metered in terms of this tariff scale shall be at MV (Medium Voltage) or LV (Low Voltage) connection and at the discretion of the Electrotechnical Engineer.			
6.3.14.3	This tariff shall be applicable to any service where the consumer contracts in writing to take supply or pay the minimum charges for an initial period of at least two (2) years after which the contract may be terminated subject to six (6) months written notice of termination by the consumer.			
6.3.14.4	On making application for a supply under this tariff the consumer's notified maximum demand shall not be exceeded by more than 25% without at least three (3) months notice having been given in writing to the Town Electrotechnical Engineer. On expiry of such period of notice, or immediately if such increase has occurred without notification, the increased figure shall become the notified maximum demand for the purposes of this tariff.			
6.3.14.5	The maximum demand charge shall be payable at the rate indicated for every month or portion thereof following the date upon which the consumer has applied for the service to be connected or upon which the Council is ready to effect such connection to the supply mains, whichever may be the later, irrespective of whether the supply of electricity is used or not. The said charge shall continue to be payable until the expiry of the period of notice required to be given and shall be based upon the notified maximum demand or the maximum demand of the installation. Such maximum demand shall be the maximum load of that installation sustained or averaged for any 30 minute period during any month. If so required by the Town Electrotechnical Engineer, the maximum current in amperes sustained or averaged for any such 30 minute period in the heaviest load phase at the declared voltage of supply. Any demand meter, time switch or other apparatus necessary for the determination of the maximum demand shall be deemed to be a meter in terms of the Standard By-Law.			
6.3.14.6	**VACENT ERVEN - BULK Supply to Developments**			
	This fee shall apply to vacant erven only. In the case of developments taking the electricity supply at bulk, the availability fee payable in respect of vacant erven shall be waived however the Network Access charge shall be payable on the Notified Demand or the highest recorded maximum demand for the month in question, whichever is the greatest.			
6.3.14.7	***MAXIMUM DEMAND CHARGES - All areas***			
	Maximum Demand Charge: Low voltage supply (<500V)	per KVA	**R 157.4454**	**R 165.3000**
	Network Access Charge	per KVA	**R 30.2328**	**R 31.7490**
	Maximum Demand Charge: High voltage supply (>=500 V and <+22kV)	per KVA	**R 146.3532**	**R 153.6720**
	Network Access Charge	per KVA	**R 28.1124**	**R 29.5260**
6.3.14.8	***BASIC CHARGE***			
	Basic Charge	per month	**R 570.0000**	**R 632.7000**
6.3.14.9	***ENERGY CHARGE***			
	Bulk consumption			
	Low (<500 V)	cents per kWh	**R 0.4283**	**R 0.5139**
	High (>500 V)	cents per kWh	**R 0.3982**	**R 0.4779**
6.3.14.10	***DISCOUNT***			
	High Voltage Supply Discount	On KVA + kWh	**7.00%**	**R 0.0700**

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
6	**ELECTRICITY TRADING SERVICE**			
6.3.15	**TARIFF 7B: BULK SUPPLY - TIME OF USE TARIFF**			
6.3.15.1	**Available to customers with supplies less than 500V who can shift their load to defined time period**			
6.3.15.1.1	**Time of use tariff - Availability to bulk residential developments**			
	The Time of Use (TOU) tariff will only be available for residential developments on a Bulk Supply after 60% of the erven in the development have houses build on the erven and occupation of the houses have been taken.			
	Once a consumer has changed to the TOU tariff, a minimum stay period of 12 months is required. Once the 12 months have elapsed, application can be made to change back to the Maximum Demand Tariff. A 3 Month termination notice must be given.			
	Consumers must have the necessary electronic metering equipment installed and correctly programmed for the TOU at their cost.			
	Where existing Consumers consider conversion to TOU, it will be the Consumers' responsibility to do a tariff study.			
	The Reactive Energy Charge is applied to kVArh in excess of 30% (0,96 Power Factor) of kWh recorded during peak and standard periods. The excess reactive energy is determined per 30 minute integrating period and accumulated for the month and will only be applicable during high-demand season.			
6.3.15.2	**Basic Charge**	per month	**R 570.0000**	**R 632.7000**
	Network Demand Charge	per KVA	**R 34.2570**	**R 41.1312**
	Network Access Charge	per KVA	**R 30.2328**	**R 31.7490**
6.3.15.3	***Energy Charge***			
6.3.15.3.1	**High Demand (June to August)**			
	Peak	cents per kWh	**R 2.6783**	**R 2.9737**
	Standard	cents per kWh	**R 0.7082**	**R 0.7863**
	Off-Peak	cents per kWh	**R 0.3852**	**R 0.4277**
6.3.15.3.2	**Low Demand (Sept. to May)**			
	Peak	cents per kWh	**R 0.7599**	**R 0.8437**
	Standard	cents per kWh	**R 0.4717**	**R 0.5237**
	Off-Peak	cents per kWh	**R 0.3341**	**R 0.3710**
6.3.15.3.3	***Reactive Energy Charge***	cent per kVArh	**R 0.1151**	**R 0.1278**
6.3.15.4	***Basic Charge***			
6.3.15.4.1	**Basic Charge**	per month	**R 570.0000**	**R 632.7000**
6.3.15.4.2	Network Demand Charge	per KVA	**R 31.9998**	**R 38.3952**
6.3.15.4.3	Network Access Charge	per KVA	**R 28.1124**	**R 29.5146**
6.3.15.5	***Energy Charge***			
6.3.15.5.1	**High Demand (June to August)**			
	Peak	cents per kWh	**R 2.5129**	**R 2.7900**
	Standard	cents per kWh	**R 0.6645**	**R 0.7378**
	Off-Peak	cents per kWh	**R 0.3615**	**R 0.4014**
6.3.15.5.2	**Low Demand (Sept. to May)**			
	Peak	cents per kWh	**R 0.7131**	**R 0.7917**
	Standard	cents per kWh	**R 0.4425**	**R 0.4913**
	Off-Peak	cents per kWh	**R 0.3138**	**R 0.3485**
6.3.15.5.3	***Reactive Energy Charge***	cent per kVArh	**R 0.1151**	**R 0.1278**
6.3.16	**TARIFF 9 : STREET LIGHTING**			
	ENERGY CHARGE			
6.3.16.1	Street Lighting Consumption	per kWh	**R 1.2084**	**R 1.3452**
6.3.16.2	Street Lights Basic		**R 0**	**R 0**
6.3.16.2	Unmetered Street Light Consumption is to be estimated by the Town Electrotechnical Engineer at 4000 Burning Hours p.a.	per street light	**TEE to determine**	**TEE to determine**

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
6	**ELECTRICITY TRADING SERVICE**			
6.3.17	**TARIFF 10 [A] : SPORTS CLUBS**			
6.3.17.1.1	In respect of Floodlights at sports fields which are separately metered and which are erected on the property of the Council, no monthly fixed charge will be payable.			
	SINGLE PHASE			
6.3.17.2	**30 Amp**			
	Consumption charge no limit to units	cents per kWh	**R 1.0944**	**R 1.2312**
	Basic Charge	per billing mth	**R 69.0000**	**R 69.0000**
6.3.17.3	**60 Amp**			
	Consumption charge no limit to units	cents per kWh	**R 1.0944**	**R 1.2312**
	Basic Charge	per billing mth	**R 138.0000**	**R 138.0000**
	THREE PHASE			
6.3.17.4	**30 Amp**			
	Consumption charge no limit to units	cents per kWh	**R 1.0944**	**R 1.2312**
	Basic Charge	per billing mth	**R 228.1140**	**R 228.0000**
6.3.17.5	**60 Amp**			
	Consumption charge no limit to units	cents per kWh	**R 1.0944**	**R 1.2312**
	Basic Charge	per billing mth	**R 456.2280**	**R 456.0000**
6.3.17.6	**TARIFF 10 [C] : SPORTS CLUBS - PREPAID METERING**			
6.3.17.6.1	Hornlee Sports Field		**R 80.1448**	**R 90.0600**
6.3.17.6.2	Dam-se-Bos Sports Field		**R 35.2595**	**R 39.6700**
6.3.17.6.3	White Location Sports Field	per kWh	**R 1.2145**	**R 1.3700**
6.3.17.7	**LOERIE PARK HIGHMAST LIGHTING**			
6.3.17.7.1	Practice	per hour	**R 28.50**	**R 32.00**
6.3.17.7.2	Club	per hour	**R 49.88**	**R 56.00**
6.3.17.7.3	National	per hour	**R 142.50**	**R 160.00**
6.3.18	**TARIFF 11 : AVAILABILITY CHARGE [see 6.1.1 (f)]**			
6.3.18.1	**Single residential**	per annum	**R 1 926.00**	**R 2 128.00**
6.3.18.2	**Other**	per annum	**R 5 296.00**	**R 5 852.00**
6.3.18.3	This charge is due and payable on 1 July each year by the owner of each erf or individual flat, shop or office suite held under Sectional Title Deed or sub-rental agreement which is not connected to the Council's mains and which, in the opinion of the Council, can reasonably be so connected. Should such erf, individual flat, shop or office suite be connected to the supply mains during the period in respect of which the annual charges per 6.3.18.1 or 6.3.18.2 were payable, such annual charge shall be adjusted for that year for the period calculated from the date of connection to the 30th of June of that year. Should the supply to any such erf, individual flat, shop or office suite be discontinued, then a pro-rata amount of the annual charge per 6.3.18.1 or 6.3.18.2, whichever is applicable, shall be levied from the date of disconnection to the 30th June of that year and thereafter annually for as long as supply is not taken from the Council's mains.			
6.3.18.4	Should the charge not be paid by 30 September in the year in which it became due and payable, interest at the standard rate defined in section 2 of Ordinance 20 of 1974, and calculated in terms of section 89(3) of the same Ordinance, shall be paid thereon from the 1 October of such year.			
6.3.18.5	Property owners who have elected to pay their assessment rates in instalments in terms of section 90 of Ordinance 20 of 1974, shall be entitled to pay the charges referred to in sub-section 6.3.18.1 and 6.3.18.2 in equal monthly instalments, interest free, provided each instalment is paid by the last day of each month. Failure to pay such instalments timeously will result in the same interest mentioned in sub-section 6.3.18.4 above being payable for each month the property owner defaults.			
6.4	**SERVICE CONNECTIONS**			
6.4.1	**Service Connection To Premises**			
	The council shall provide a service connection between the supply main and the consumer's installation within the Council Area of supply as determined by the Electricity Control Board, in terms of the Standard By-Law. In all cases within the Council's area of supply the consumer shall, at no cost to the Council, provide a satisfactory cable trench on his property, for such service connection to the boundary line of the premises along a route indicated by the Electrotechnical Engineer.			
	In the case of a Temporary Builder's Supply, the connection will be a 30Amp (maximum) supply that will be conventionally metered until the connection is swung to the permanent supply which will be a Prepaid Metering.			

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
6	**ELECTRICITY TRADING SERVICE**			
	For Public Lighting and Gate House Controls, only a conventional meter with a 30Amp (maximum) supply will be permissible.			
6.4.2	**Service Connection Metering Requirements**			
6.4.2.1	**Single Phase Connections**			
	In the case of single phase or three phase domestic and commercial connections, use will only be made of the Prepaid Metering system unless otherwise determined by the Electrotechnical Engineer.			
6.4.2.2	**Second Meters On Erf**			
	Application for the provision of a second meter on an erf will be done by means of a prepaid meter provided that:-			
	The main house is limited to 30Amps maximum and,			
	The 2nd dwelling is also limited to 30Amps maximum.			
6.4.3	**CONNECTION FEES TARIFFS 1,2,3 and 5**			
6.4.3.1	Connection fee for Single phase:			
	Service Connection: Prepaid Meter	per connection	**R 6 000**	**R 4 000**
	Housing Schemes Commitment Fee	per connection	**R 350**	**R 250**
6.4.3.2	Connection fee for Three phase:			
	Service Connection: Prepaid Meter	per connection	**R 11 000**	**R 6 800**
6.4.3.3	Commitment fee for pre-paid metered supply in self-help housing schemes	per connection	**R 763**	**R 500**
6.4.3.4	Where the distance from the Council's point of supply and the consumers point of control exceeds 50 meters, the consumer shall pay the additional costs plus 15% administration and supervision fees, based on such calculated costs.			
6.4.3.5	All service connections other than those described in paragraph (a) shall be charged at cost from supply mains to consumers point of supply inclusive of the Council's main switch, metering equipment and where applicable HV switch gear, transformers, HV and LV cabling and tariff circuit breaker plus 15% administration and supervision charges. In the event of the total cost being less than the appropriate fees in paragraph (a) the fees therein shall be payable.			
6.4.3.6	Changing from single phase to three-phase connection is the total cost price plus 15% less a credit of R72.00 if the meter can at the discretion of the Electrotechnical Engineer be successfully re-used at any other installation. Internal charges from three-phase to single-phase at a basic fee of R 650.00 less a rebate of R 150.00 for the three-phase meter if at the discretion of the Town Electrotechnical Engineer it could be re-used at any other installation. All other connections at cost price plus;			
6.4.3.7	Where a new connection is required to premises from which a previous connection has been disconnected and removed, the fees and charges prescribed in sub-section (3) shall be payable, subject to adjustment for the depreciated value of any materials or equipment the Town Electrotechnical Engineer may decide to re-use for the new service connection.			
6.4.3.8	Where in terms of the Standard By-Law accommodation is provided on the premises for the housing of the Council's transformer plant required to supply the consumer's premises as well as to supply the adjacent area, the connection fee shall be the cost of providing the medium voltage connection, The Council's main switch and metering equipment plus the pro-rata cost of the transformer and HV switch-gear plus 15% of the total cost in respect of administration and supervision charges.			
6.4.3.9	The total cost of connection fees shall be payable in advance.			
6.4.3.10	**Conversion from conventional meter to prepaid meter.**			
	This conversion fee only subsidizes the first change from 1 conventional meter to 1 prepaid meter. Additional and or new meters will be charged full price.			
	Single Phase		**R 800**	**R 500**
	Three Phase		**R 3 000**	**R 1 500**
6.5	**SERVICE CALLS**			
	When the Council is called upon by a consumer to attend to any fault or failure of supply at his premises and such fault or failure is not attributed to the Council's staff or equipment, the fee for such service in terms of Section 22 of the Standard By-Law shall be as follows :-			

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
6	**ELECTRICITY TRADING SERVICE**			
6.5.1	**DURING NORMAL WORKING HOURS**			
6.5.1.1	**- All Areas**	per service	**R 530**	**R 250**
6.5.2	**AFTER NORMAL WORKING HOURS**			
6.5.2.1	**- All Areas**	per service	**R 680**	**R 300**
6.5.2	**TARIFF CHANGES**			
	Where a consumer requests a Tariff Change on a single or 3Ph prepaid meter.			
6.5.2.1	Tariff change Admin Fee	per change	**R 0**	**R 250**
6.6	**DISCONNECTION AND RECONNECTION : CHANGE OF CONSUMER**			
6.6.1	Where premises have been disconnected upon termination of the supply agreement as result of change of consumer, or when a temporary disconnection of supply has been effected in terms of Section 28(1) and (2) of the Standard By-Law, reconnection shall be made after payment of the following:-			
6.6.2	**DURING NORMAL WORKING HOURS**			
6.6.2.1	**- All Areas**	per service	**R 200**	**R 200**
6.6.3	**AFTER NORMAL WORKING HOURS**			
6.6.3.1	**- All Areas**	per service	**R 800**	**R 500**
6.6.4	**DISCONNECTION AND RECONNECTION : NON-PAYMENT OF ACCOUNT**			
	When disconnection of the supply has been effected in terms of section 19 of the standard By-Law, reconnection shall be made subject to the approval of the Manager Finance on payment of a basic fee as stated below, provided that no such approval shall be given if the full amount of the outstanding charges which have accrued in terms of these Tariff of Charges either prior to or during the period of disconnection, have not been paid, together with any outstanding deposit referred to in Section 6.10.			
	The basic reconnection fee payable for non-payment of account shall accrue and be due and payable whether the supply has been disconnected or not, provided that in all cases the Manager Finance has issued written instructions to the Town Electrotechnical Engineer to disconnect the supply to the premises. Not withstanding such connection the ampere charge for the contracted supply shall accrue as if disconnection was not made.			
6.6.4.1	**- All Areas**			
	During normal working hours	per service	**R 640**	**R 200**
	After normal working hours	per service	**R 820**	**R 500**
6.6.5	When in terms of Section 28 of the Standard By-Law a temporary disconnection of supply has been effected at the consumer's request or as directed by the Town Electrotechnical Engineer to enable such building alterations or additions to be made and such building is supplied with an overhead service connection, the Town Electrotechnical Engineer may require the reconnection to be by means of an underground service connection. The cost, excluding the Council's main switch and metering			
6.6.6	When in terms of Section 28 of the Standard By-Law a temporary disconnection is made at the request of the consumer, the ampere charge for the contracted supply will accrue against the consumer and be paid by him in terms of these Tariff of Charges and Additional Electrical By-Laws as if such disconnection was not effected.			
6.7	**METER TEST**			
	When in terms of Section 58 of the Standard By-Law, a consumer requires a meter to be tested, the fee to be deposited at the office of the Municipal Manager Finance for each such meter shall be as follows :-			
6.7.1	**WITHIN THE MUNICIPAL AREA**			
6.7.1.1	- Single phase meter (including Pre Paid meter)	per test	**R 530**	**R 390**
6.7.1.2	- Three-phase meter (including Pre Paid meter)	per test	**R 680**	**R 500**
6.8	**SPECIAL METER READINGS**			
6.8.1	Where in terms of Section 59 of the Standard By-Law a consumer requires a special reading of a meter, such service shall be rendered by the Council on payment of the following fees :-			
6.8.1.1	- All Areas	per service	**R 530**	**R 390**
6.8.2	In cases where a final account is required for an approved of tenancy is involved, the fee referred to in this section shall be waived.			
6.8.3	This sum will also be waived in cases where a special meter reading reveals that the last reading was incorrect and provided that such incorrect reading had not been processed for assessment purposes.			
6.9	**INSPECTION AND TEST**			

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
6	**ELECTRICITY TRADING SERVICE**			
6.9.1	Where in terms of Section 53 of the Standard By-Law the inspection or test of an installation is required, the following fees shall be payable before each such inspection or test :-			
6.9.1.1	- Within the Municipal Area	per service	**R 530**	**R 390**
6.10	**DEPOSITS**			
	The Municipal Manager Finance may accept bank or such other suitable guarantees in lieu of deposits which exceed R 1 000.00. Before obtaining a supply of electricity from the Council's mains, in terms of Section 17 of the Standard By-law, all consumers must pay cash deposits as set out below :-			
6.10.1	**TARIFF 1**			
	Where metering is done by means of the Prepaid Meters, no deposit will be payable.			
6.10.2	**TARIFF 2**			
	With the use of the rotating disc meter the deposit will be six times the total charge of the ampere rating of the circuit breaker installed and which do not exceed 40 ampere, and five times the total charge of the ampere rating of the circuit breaker or circuit breakers installed if such charge exceeds 40 amperes.			
6.10.3	**TARIFF 3**			
	Three times the total charge of the ampere rating of the circuit breaker or circuit breakers installed.			
6.10.4	**TARIFF 5**			
	Where metering is done by means of the Prepaid Meters, no deposit will be payable.			
6.10.5	**TARIFF 7**			
	Three times the demand charge based on 70% of the notified maximum demand, Bulk Supply Section 6.3.14.4 notice is given of an intended increase in the notified maximum demand.			
6.10.6	**DEPOSIT ADJUSTMENT**			
6.10.6.1	When a domestic consumer fails to pay the account by the due date and his name appears on the Disconnection List thereafter issued by the Director of Finance, the deposit of the consumer shall be reviewed and adjusted by the Director of Finance to cover an account for electricity and water for a period of 3 months based on the consumers consumption over the previous 6 months.			
6.10.6.2	When, at the request of the consumer the rating of the tariff circuit breaker is increased, the consumer must augment his deposit by an amount fixed by the Director of Finance.			
6.10.6.3	Where the rating of the main circuit breaker is decreased the consumer is entitled to claim in writing a refund of the difference between the previous deposit and the deposit applicable to the lower rating. In the above tariffs the words "charge' and "amount" shall be that prescribed in Section 1 together with any surcharge which at time of application for a supply may be applicable in terms of Section 187 (5) of Ordinance 20 of 1974 and section 19G(7)(a) and (b) of the Local Government Transition Act 209 of 1993, as amended.			
6.10.6.4	That the Council agrees to the Director of Finance conducting a review of all bank guarantees lodged in lieu of a electricity consumer deposit every two years in August and that this process be initiated by immediate review.			
6.10.6.5	The increased electricity guarantee to be lodged with the Council in terms of paragraph 6.10.7.4 shall be the equivalent amount payable under the applicable electricity tariff which the consumer, in the Director of Finance's opinion, is likely to consume during three consecutive months and is based on the consumption over the previous 6 months.			
6.10.6.6	Any security deposited by a customer in cash or as a bank guarantee for a supply of electricity shall cover a supply of 3 months and shall be held as security to be offset against the customers account only in the event of termination of the supply agreement or default of the consumer.			
6.10.6.7	In the event that a customer has not claimed a refund of a cash deposit, after terminating the supply agreement or has for whatever reason ceased to receive a supply for one year, then on the expiry of one year such deposit shall be forfeited to the Council.			
6.11	**ELECTRICITY AUGMENTATION FEE**			
6.11.1	Electricity Augmentation	per equivalent residential unit	**R 8 892**	**R 9 825**
6.11.2	Salt River / Eastford Special Levy: for new developments that would normally be supplied from the Salt River and Eastford Substations (as determined by the Town Electrotechnical Engineer)	per equivalent residential unit	**R 4 895**	**R 5 408**
6.11.3	Sedgefield OH Line Augmentation		**R 98**	**R 108**
6.12	**LOAD CONTROL UNIT (GEYSER RELAY)**			
	A fixed charge payable by consumers who elect to pay the fixed charge in order not to have a load control relay (geyser relay) installed on their premises. This tariff is not available to NEW CONSUMERS or CHANGE of CONSUMERS.	Per geyser per month	**R 350**	**R 350**
6.13	**RELOCATION OF PREPAID METERS/RELAY BOARDS**			
	A fixed charge payable by consumers (only applicable to the electrification projects) who elect to have the pre paid meter and ready boards installed in their informal dwelling and after formal dwelling is build requests to be relocated to formal house.	per erf	**R 800**	**R 400**
6.14	**SHADING OF STREETLIGHTS**			

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
6	**ELECTRICITY TRADING SERVICE**			
6.14.1	Only streetlights on the same side of the road of applicant will be considered. At the discretion of the Electrotechnical Engineer.	per pole	**R 530**	**R 530**
6.15	**TAMPERING WITH METERS**			
6.15.1	A service charge for the first incident of a meter tampering will be billed to the customer who benefited from the tampering.	per incident	**R 1 533**	**R 1 693**
6.15.2	A service charge for the second incident of a meter tampering will be billed to the customer who benefited from the tampering.	per incident	**R 2 271**	**R 2 509**
6.15.3	A service charge for the third incident of a meter tampering will be billed to the customer who benefited from the tampering.	per incident	**R 3 023**	**R 3 340**
6.15.4	After the 4th tamper the meter shall be removed and a new connection fee shall be payable before supply is re-instated.			
6.16	**SURCHARGE: INACCESSIBLITY TO ELECTRICITY METERS**			
6.16.1	Customers will be notified in writing whenever a water meter has for whatever reason become inaccessible. Consumers will have 14 days from the date of notification to arrange for a reading to be taken.			
6.16.2	A surcharge will thereafter be levied if no response is received on or before the notice period has expired.	per incident	**R 343**	**R 380**
6.17	**MISCELLANEOUS FEES**			
6.17.1	Labour Rate		**R 151.71**	**R 114**
6.17.2	Knsyna Travelling Rate (± 40km)		**R 171.00**	**R 137**
6.17.3	Sedgefield Travelling Rate (± 10km)		**R 46.00**	**R 35**
6.17.4	Administration fee Percentage of Total Account Excluding VAT		**15%**	**15%**
6.18	**ADDITIONAL INFO**			
6.18.1	Quotations to be requested for the following services:- Additional Prepaid Meter Installations Service Connections for Sparrebosch, Thesen Island, Kanonkop, Estuary Heights, The Woods			

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
7	**SUNDRY SERVICES**			
7.1	**HOUSING ADMINISTRATION CHARGES**			
7.1.1	In respect of tenants in housing letting schemes & housing loan borrowers	per month	**R 23**	**R 23**
7.2	**COPIES OF DOCUMENTS & PLANS**			
7.2.1	In respect of documents and plans which are not obtainable elsewhere and which may not be removed from the Municipal offices :-			
7.2.1.1	Per copy smaller than O.5sq m	per copy	**R 76**	**R 80**
7.2.1.2	Per copy exceeding O.5sq m in size or part thereof	per copy	**R 91**	**R 100**
7.2.1.3	Per copy A4	per copy	**R 9**	**R 10**
7.2.1.4	Per copy A3	per copy	**R 11**	**R 12**
7.2.1.5	Duplicate Accounts	per copy	**R 9**	**R 10**
7.2.1.6	Size A0	per copy	**R 143**	**R 155**
7.2.1.7	Size A1	per copy	**R 92**	**R 100**
7.2.2	**Photo Copies and Faxes**			
7.2.2.1	Photo Copy	per copy	**R 1.00**	**R 1.10**
7.2.2.2	Local Fax per Page	per page	**R 11**	**R 12**
7.2.2.3	National Fax per Page	per page	**R 15**	**R 16**
7.2.2.4	Fax Receiving	per page	**R 9**	**R 10**
7.2.2a	Tariffs are applicable to the public, and staff members (private correspondence).			
7.2.3	**GIS Maps (Black & White)**			
7.2.3.1	A0	per copy	**R 142**	**R 155**
7.2.3.2	A1	per copy	**R 92**	**R 100**
7.2.3.3	A2	per copy	**R 45**	**R 50**
7.2.3.4	A3	per copy	**R 23**	**R 25**
7.2.3.5	A4	per copy	**R 17**	**R 20**
7.2.4	**GIS Maps (Colour)**			
7.2.4.1	A0	per copy	**R 282**	**R 300**
7.2.4.2	A1	per copy	**R 183**	**R 200**
7.2.4.3	A2	per copy	**R 92**	**R 100**
7.2.4.4	A3	per copy	**R 45**	**R 50**
7.2.4.5	A4	per copy	**R 34**	**R 35**
7.2.4.6	CD's (see tariff 7.2.4.7)	per cd	**R 152**	
7.2.4.7	Aerials	per cd	**R 2 130**	**R 2 290**
7.3	**VACANT ERVEN**			
7.3.1	Plot Clearing (Overgrown erven)		**Cost + 25%**	**Cost + 25%**
7.4	**ADMINISTRATION CHARGES**			
7.4.1	Jobbing and Works	per job	**15%**	**15%**
7.4.2	Departmental Charges - Rate Fund	per dept	**7.50%**	**7.50%**
7.4.3	Departmental Charges - Trading Services	per dept	**10%**	**10%**
7.4.4	Departmental Charges - Capital Works	per dept	**5%**	**5%**
7.5	**VOTERS ROLL**			
7.5.1	Copy of voters roll	per ward	**R 275**	**R 300**
7.6	**POSTER DEPOSITS AND FEES**			
7.6.1	Refundable deposit to be lodged for erection of posters	Deposit	**R 1 815**	**R 1 950**
7.6.2	Refundable deposit to be lodged for erection of banners	Deposit	**R 627**	**R 675**
7.6.3	Posters and Banners to be removed within 24 hours after the event	Fine Per Event		
7.6.3.1	Release fee for posters		**R 1 997**	**R 2 150**
7.6.3.2	Release fee for banners		**R 660**	**R 710**
7.7	**HIRING OUT LOUD HAILER**			

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

7 SUNDRY SERVICES

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
7.7.1	Loudhailer - deposit fee	per occasion	**R 121**	**R 130**
7.7.2	Loudhailer - hire fee	per occasion	**R 132**	**R 140**
7.8	**FURNISHING OF INFORMATION TO THE PUBLIC :-**			
7.8.1	The furnishing of information to the public or residents shall be subject to the provisions of the Access To Information Act.			
7.8.1.1	Any person applying to the Council for information from any records kept by the Council, will be furnished with such information upon payment of the fees prescribed in the schedule here below, provided that if such person is the owner of a property in respect of which the information is applied for, he shall be exempted from the payment of such fees, viz. :-			
7.8.1.2	***Schedule***			
7.8.1.2a	In respect of the search of any index to any account not in a service register	per property	**R 80**	**R 85**
7.8.1.2b	In respect of the search of any index to an account in a service (water, sanitation, sewerage, miscellaneous debts, etc.)	per property	**R 57**	**R 60**
7.8.1.2c	For the inspection of any deed, document or diagram or any details relating thereto	per property	**R 92**	**R 100**
7.8.1.2d	For the supply of any certificate of valuation or of the outstanding charges against the property, including Rates Clearance Certificate.	per erf	**R 261**	**R 280**
7.8.1.2e	In respect of any search for information where a fee for such search has not been prescribed by 7.8.1.2a, 7.8.1.2b or 7.8.1.2c above :-			
7.8.1.2f	For every hour or portion thereof	per search	**R 279**	**R 300**
7.8.1.2g	Completion of questionnaires	per page	**R 279**	**R 300**
7.8.1.2h	Copy of Budget	Print- out	**R 652**	**R 701**
7.9	**INFORMATION REGARDING REGISTERED PROPERTY OWNERS**			
7.9.1	Erf Numbers, Addresses etc. - Print-out	Per Page	**R 1**	**R 1**
	Subject to minimum	Minimum	**R 279**	**R 300**
7.9.2	Erf Numbers, Addresses etc. - Print-out			
7.9.2.1	Full report for all areas	Per Report	**R 3 500**	**R 3 760**
7.9.2.2	Report of Knysna only	Per Report	**R 2 750**	**R 2 500**
7.9.4	Erf Numbers, Addresses etc. - Electronic Media	Per disk	**R 2 130**	**R 2 290**
7.9.5	Sales Listings	per year	**R 1 012**	**R 1 090**
7.10	**ELECTRICAL DATA LOGGER**			
7.10.1	Installation And Report Fee	per installation	**R 666**	**R 715**
7.10.2	Hire Fee	per day	**R 440**	**R 475**
7.11	**SWIMMING POOL BACKWASH**			
7.11.1	Where it is approved or requested that an owner may connect the pool backwash to the sewer system [Cnl Resolution 24/8/2000-28]	p.a.	**R 330**	**R 355**
7.12	**HIRE OF PLANTS**			
R 7.12	Rental of Plants			
7.12.1.1	Rental per plant (43 cm) per day		**R 15**	**R 16**
7.12.1.2	Deposit (for all plants)		**R 266**	**R 285**
7.12.1.3	Delivery (compulsory) for Parks to deliver - 0 - 5km		**R 84**	**R 90**
7.12.1.4	Delivery (compulsory) for Parks to deliver - 5 - 20km (maximum distance is 20km)		**R 169**	**R 180**
7.13	**INFORMAL TRADERS**			
7.13.1	Rental of informal trading store or part thereof	per month	R 100	**R 108**

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
	8 DEPARTMENTAL			
8.1	**KERBS, CHANNELS, FOOTWAYS & VERGES :-**			
8.1.1	Kerbs & Channel	per meter	**Cost + 15%**	**Cost + 15%**
8.1.2	Surfaced Footways	per meter	**Cost + 15%**	**Cost + 15%**
8.1.3	Undeveloped Verges	per meter	**Cost + 15%**	**Cost + 15%**
8.2	**DAMAGED KERBS, CHANNELS & FOOTWAYS RECOVERABLE FROM 8.1 :-**			
8.2.1	New Kerb laid - per kerb	per kerb	**Cost + 15%**	**Cost + 15%**
8.2.2	Old Kerb reset - per kerb	per kerb	**Cost + 15%**	**Cost + 15%**
8.2.3	New Channel - per channel	per channel	**Cost + 15%**	**Cost + 15%**
8.2.4	Old Channel reset - per channel	per channel	**Cost + 15%**	**Cost + 15%**
8.2.5	New Kerb & Channel	per kerb & channel	**Cost + 15%**	**Cost + 15%**
8.2.6	Old Kerb & Channel	per kerb & channel	**Cost + 15%**	**Cost + 15%**
8.2.7	Repair damage to made-up footways	per m2	**Cost + 15%**	**Cost + 15%**
8.2.8	Repair damage to paved or slabbed footway	per m2	**Cost + 15%**	**Cost + 15%**
8.2.9	Trench reinstatement - Tarred Roads	per m2	**Cost + 15%**	**Cost + 15%**
8.3	**ADVERTISING : COUNCIL LICENCE & PERMIT FEES**			
8.3.1	Application lease of land	Per Application	**R 2 310**	**R 2 480**
8.3.2	Other Signs - Permit Fee on annual renewal	pa	**R 154**	**R 165**
8.4	**ROAD CONTRIBUTIONS**			
8.4.1	Salt River road contribution		**R 4 240**	**R 4 600**
8.4.2	N2 / Old Cape road intersection contribution		**R 965**	**R 1 040**
R 8.80	**ROAD REINSTATEMENT**			
8.8.1	Tarred Roads	per m2	**Cost + 15%**	**Cost + 15%**
8.8.2	Proclaimed Main Roads	per m2	**Cost + 15%**	**Cost + 15%**
R 8.90	**SUNDRY**			
8.9.1	Street Crossing	per trench	**Cost + 15%**	**Cost + 15%**
8.9.2	Encroachments	p.a.	**R 242**	**R 260**
8.10	**PROCUREMENT: FIXED BIDDING DOCUMENT FEE**			
8.10.1	Request For Quotation (RFQ) to the value of R30 000 but less than R200 000 will not be levied.	per application	**Free**	**Free**
8.10.2 a	Tender Bidding Document	per application Hardcopy	**R 385**	**R 415**

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
	9 CEMETERY			
9.1	**BURIAL PLOT [INTERNMENT FEES PAYABLE SEPARATELY]**			
9.1.1	**PURCHASE OF A PLOT FOR IMMEDIATE BURIAL**			
9.1.1.1	For the exclusive right of burial in any plot, the charges exclusive of internment fees, shall be :	per plot	**R 330**	**R 355**
9.1.1.2	Areas where no preparation has been done by the Municipality	per plot	**R 330**	**R 355**
9.1.1.3	Sedgefield Old Cemetery	per plot	**Removed**	**Removed**
9.1.1.4	Rheenendal & Karatara	per plot	**R 330**	**R 355**
9.1.1.5	Sedgefield New Cemetery	per plot	**R 330**	**R 355**
9.1.2	**RESERVATION OF A PLOT**			
9.1.2.1	Reservation of a plot for the exclusive right of burial at some future date, exclusive of interment fees due to the shortage of available burial sites:	per plot	**R 6 050**	**R 6 505**
9.1.2.2	Rheenendal & Karatara	per plot	**R 88**	**R 95**
9.1.2.3	Sedgefield New Cemetery	per plot	**R 528**	**R 570**
9.2	**INTERMENT FEES**			
9.2.1	The following interment fees shall be payable Monday - Saturday :-			
9.2.1.1	For adults (12 years of age and over)	per burial	**R 528**	**R 570**
9.2.1.2	For children (under 12 years of age)	per burial	**R 429**	**R 460**
9.2.1.3	Extra depth: For every additional 30 cm beyond 1.8m	per burial	**R 220**	**R 235**
9.2.2	Where preparation of the grave is done by a third party, excluding Knysna and Sedgefield Cemeteries	per burial	**R 0**	**R 0**
9.3	**WALL OF REMEMBRANCE**			
9.3.1	Per application	Per Application	**R 407**	**R 440**
9.3.2	Garden of Remembrance	Per Application	**R 209**	**R 225**
9.3.3	Reservation Wall of Remembrance	Per Application	**R 407**	**R 440**
9.3.4	Reservation Garden of Remembrance	Per Application	**R 200**	**R 215**
9.4	**INTERMENT SURCHARGE NON-RESIDENTS**			
9.4.1	In addition to the charges mentioned in 9.2 and due to the shortage of available burial sites the prescribed fee shall also be payable for the internment of non-residents of the :-			
9.4.1.1	Knysna Municipal Area	per burial	**R 6 050**	**R 6 505**
9.5	**BURIAL REGISTER INFORMATION/SEARCH FEES**			
9.5.1	For a certified extract from the Burial Register	Per Application	**R 165**	**R 175**
9.5.2	For a certificate of transfer of use of grave plot	Per Application	**R 165**	**R 175**
9.5.3	For examining register	Per Application	**R 165**	**R 175**
9.5.4	For exchanging spaces (new title, altering registers, etc.)	Per Application	**R 165**	**R 175**
9.6	**BURIAL REBATES**			
9.6.1	The following rebates for the underprivileged be applied, per applicant			
9.6.1.1	Income: R 0 - R 4,000	Per Application	**100%**	**100%**
	Income: R 4,001 and over	Per Application	**Full cost payable**	**Full cost payable**
9.6.1.2	Applications as in 9.6.1.1 above be accompanied by a sworn declaration of income.			
9.7	**BURIAL EXHUMATIONS**			
9.7.1	Exhumations all plots	2 X Interment Fees (No rebates)	**R 1 056**	**R 1 135**

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
10	**FIRE BRIGADE**			
10.1	**ACCIDENTS AND CLEANUPS**			
10.1.1	In respect of the provision of fire brigade services to these situations the applicable fees are as follows :-			
10.1.1.1	**Turn-Out Charges**	per callout	**R 671**	**R 720**
10.1.1.2	**Attendance Charge**			
10.1.1.2.1	For the first hour	per Fireman	**R 385**	**R 415**
10.1.1.2.2	For each additional hour	per Fireman	**R 330**	**R 350**
10.1.1.2.3	For each hour or part thereof for labourers employed at fire	per Labourer	**R 253**	**R 270**
10.1.1.3	**Fire Engine & Water Truck Charges (Km & Pumping Fees)**			
10.1.1.3.1	Per water truck	per delivery	**R 605**	**R 650**
10.1.1.3.2	For each vehicle used in combating the fire	per Km	**R 44**	**R 45**
10.1.1.3.3	Per hour in respect of pumping water at the scene of the fire	per pump	**R 572**	**R 615**
10.1.1.4	**Equipment & Material Used at the fire**			
10.1.1.4.1	Fire Extinguishing Equipment :-			
10.1.1.4.2	Dry Powder & Co2		**R 847**	**R 910**
10.1.1.4.3	Foam	per litre	**R 242**	**R 260**
10.1.1.4.4	Breathing Apparatus	per hour or part hour	**R 286**	**R 305**
10.1.1.4.5	Portable pump	per hour or part hour	**R 286**	**R 305**
10.1.1.4.6	Lighting plant	per hour or part hour	**R 385**	**R 415**
10.1.1.4.7	Cutting torch	per hour or part hour	**R 385**	**R 415**
10.1.1.4.8	A stand-by charge in respect of firemen	per hour or part hour	**R 385**	**R 415**
10.1.1.4.9	A stand-by charge in respect of fire engines	per hour or part hour	**R 385**	**R 415**
10.1.1.4.10	Emergency 10 Ton Rescue Equipment usage	per hour or part hour	**R 847**	**R 910**
10.1.1.4.11	For each service motorcar and other subsidiary vehicle	per vehicle	**R 187**	**R 200**

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
11	**HALLS**			
11.1	**DEPOSIT: MAIN OR SIDE HALL**			
11.1.1	Deposit, set out below, is payable with booking and will be forfeited if premises damaged or not left clean :-		**NO VAT CHARGE**	**NO VAT CHARGE**
11.1.1.1	Rental	Per Occasion	**R 341**	**R 370**
11.1.1.2	Where alcohol is to be served or / and sold on the premises the deposit will be:	Per Occasion	**R 1 320**	**R 1 400**
11.1.2	The Municipal Manager may determine a lower deposit for deserving applications on merit.			
11.1.3	All users of halls, except government, municipality and registered charities must pay the deposit.			
11.2	**DEPOSIT: MAIN OR SIDE HALL + KITCHEN [Incl Cutlery & Crockery]**			
11.2.1	Deposit as stipulated in the conditions on application		**NO VAT CHARGED**	
11.2.1.1	Rental	Per Occasion	**R 341**	**R 370**
	Where alcohol is to be served or / and sold on the premises the deposit will be:		**R 1 320**	**R 1 400**
11.2.2	The Municipal Manager may determine a lower deposit for deserving applications on merit.			
11.2.3	**Where alcohol is to be served or / and sold on the premises the Deposit will be R1,000.00**			
11.3	**RENTALS: HALL ONLY - General Public & Churches**			
11.3.1	Rental	Per Occasion	**R 165**	**R 175**
11.3.2	Registered charities doing charity work	Per Occasion	**Free**	**Free**
11.3.3	Non profit sporting organizations.	Per Year	**R 506**	**R 545**
11.3.4a	Sport Trainers with a income of less than R1000 per month from using the hall	Per Month	**R 198**	**R 215**
11.3.4b	Sport Trainers with a income of between R1001 - R2000 per month from using the hall	Per Month	**R 374**	**R 400**
11.3.4c	Sport Trainers with a income of more than R2001 per month from using the hall	Per Occasion	**R 198**	**R 215**
11.3.5	Charges for Schools (Normal tariffs for fundraising organisations)	Per Occasion	**Free**	**Free**
11.3.6	Funerals and political parties	Per Hour	**R 22**	**R 25**
11.3.7	The Municipal Manager may determine a lower rental for deserving applications on merit.			
11.4	**RENTALS: HALL ONLY - Amateur Sport For Children**			
11.4.1	Rental	Per Occasion	**R 77**	**R 85**
11.4.8	The Municipal Manager may determine a lower rental for deserving applications on merit.			
11.5	**RENTALS: HALL ONLY - Amateur Sport, & Welfare Organisation's**			
11.5.1	Rental	Per Occasion	**R 121**	**R 130**
11.5.9	The Municipal Manager may determine a lower rental for deserving applications on merit.			
11.6	**RENTALS: KITCHEN**			
11.6.1.	Rental	Per Occasion	**R 165**	**R 175**
11.6.4	The Municipal Manager may determine a lower rental for deserving applications on merit.			
11.7	**RENTAL: ACTIVITY ROOM**			
11.7.1	Rental	Per Occasion	**R 110**	**R 120**
11.7.2	**Libraries**			
	Max 4 hours - morning, afternoon or evening)	Per Occasion	**R 110**	**R 120**
	For more than 4 hours	Per Hour	**R 39**	**R 40**
	Additional charge for use of Kitchen	Per Occasion	**R 99**	**R 110**

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
11	**HALLS**			
11.7.6	The Municipal Manager may determine a lower rental for deserving applications on merit.			
11.8	**BRENTON ON SEA TOWN HALL**			
11.8.1	Rental	Per Occasion	**R 700**	**R 750**
11.8.2	Deposit	Per Occasion	**R 1 500**	**R 1 610**
11.8.3	Registered charities doing charity work	Per Occasion	**Free**	**Free**
11.8.4	Non profit sporting organizations	Per Year	**R 506**	**R 540**
11.8.4 a	Sport Trainers with a income of less than R1000 per month from using the hall	Per Month	**R 198**	**R 210**
11.8.4 b	Sport Trainers with a income of between R1001 - R2000 per month from using the hall	Per Month	**R 374**	**R 400**
11.8.4 c	Sport Trainers with a income of more tan R2001 per month from using the hall	Per Occasion	**R 198**	**R 210**
11.8.5	Charges for Schools (Normal tariffs for fundraising organizations)	Per Occasion	**Free**	**Free**
11.8.6	Funerals, political parties and religious organizations	Per Hour	**R 22**	**R 25**
11.8.7	The Municipal Manager may determine a lower rental for deserving applications on merit.			
11.9	**BRENTON ON SEA SIDE HALL**			
11.9.1	Rental	Per Occasion	**R 100**	**R 110**
11.10	**BRENTON ON SEA SIDE HALL AND KITCHEN**			
11.10.1	Rental	Per Occasion	**R 310**	**R 330**
11.10.2	Use of kitchen	Per Occasion	**R 150**	**R 160**

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
12	**LIBRARY**			
12.1	**MEMBERSHIP FEES**			
12.1.1	Members from outside Municipal area	per member	**R 184**	**R 200**
			NO VAT CHARGED	**NO VAT CHARGED**
12.1.2	Deposit : Members from outside Municipal area : Magazine	per member	**R 68**	**R 75**
	Deposit : Members from outside Municipal area : Book	per member	**R 68**	**R 75**
	For all books deemed at risk of being lost, or costing more to replace the full replacement value is requested as a deposit.			
12.2	**FINES**			
			NO VAT CHARGED	**NO VAT CHARGED**
12.2.1	For first week	Per Week	**R 1.30**	**R 1.40**
12.2.2	Per day after first week, per book (no maximum)	Per Day	**R 0.15**	**R 0.20**
	For 2nd day	For 2nd day	**R 0.55**	**R 0.60**
	For 1st 6 days	First 6 days	**R 0.65**	**R 0.70**
	For following days after 6 days up to 145 days	Per day	**R 0.15**	**R 0.20**
12.3	**RENTAL: ACTIVITY ROOM**			
	Libraries			
	Max 4 hours - morning, afternoon or evening	Per occasion	**R 100.00**	**R 110**
	For more than 4 hours	Per hour	**R 37.00**	**R 40**
	Addisional charge for use of kitchen	Per occasion	**R 89.00**	**R 96**
12.4	**PRINTING**			
	Printing from public computers		**R 1.60**	**R 2**
12.5	**INTERNET USAGE**			
	Usage of internet after 1st half hour	each 30 min	**R 10.00**	**R 11**

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% Vat Incl)	Tariff 2012/13 (14% Vat Incl)
13	**TRAFFIC SERVICES**			
13.1	**SERVING OF SUMMONSES**			
		NO VAT CHARGED		
13.1.1	Summonses served personally or not	per document served	**R 67**	**R 70**
13.2	**ABANDONED TROLLEYS ON ROAD**			
13.2.1	Removal of supermarket trolleys from where it is found to a place of storage	per trolley	**R 92**	**R 100**
13.2.2	Storage of Trolleys	per trolley, per day	**R 17**	**R 20**
13.3	**REMOVAL OF VEHICLES**			
13.3.1	Tow-in fee		**Cost +25%**	**Cost +25%**
13.3.4	Storage of Vehicle	per day or part	**R 150**	**R 160**
13.3.5	Vehicle Escort Fee	per Km	**R 45**	**R 50**
13.4	**REMOVAL OF ANIMALS (Pound Fees)**			
13.4.1	Transport Fee		**Cost +25%**	**Cost +25%**
13.4.2	Pound fees	per animal / day	**R 165**	**R 180**
13.4.3	Transporting Costs	per animal per Km	**R 28**	**R 30**
13..4	Administration fee	per animal	**R 253**	**R 270**

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

14 CARAVAN & CAMPING SITES

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
14.1	**High Season per day [DECEMBER, JANUARY AND SCHOOL HOLIDAYS]**			
14.1.1	Site fee for 2	per day	**R 330**	**R 350**
14.1.2	Per extra person (Adult)	per day	**R 99**	**R 110**
14.1.3	Per extra person (Child)	per day	**R 55**	**R 60**
14.1.4	Extra cars, boats or trailers	per day	**R 33**	**R 40**
14.1.5	Electricity fee	per day	**R 12**	**R 10**
14.1.6	Pensioners	per day	**R 165**	**R 180**
14.1.7	Caravan Groups	per day	**R 264**	**R 280**
	Booking to be paid in full 21 days before arrival.			
	Arrival time is strictly between 13:00 – 17:00 and departure time no later than 10:00am.			
	Only **ONE** car allowed per site.			
14.2	**Mid Season per day [WINTER HOLIDAYS AND LONG WEEKENDS]**			
14.2.1	Site fee for 2	per day	**R 182**	**R 200**
14.2.2	Per extra person (Adult)	per day	**R 73**	**R 80**
14.2.3	Per extra person (Child)	per day	**R 39**	**R 40**
14.2.4	Electricity	per day	**R 12**	**R 10**
14.2.5	Extra cars, boats or trailers	per day	**R 33**	**R 40**
14.2.6	Pensioners	per day	**R 110**	**R 120**
14.2.7	Caravan Groups	per day	**R 143**	**R 150**
	Booking to be paid in full 21 days before arrival.			
	Arrival time is strictly between 13:00 – 17:00 and departure time no later than 10:00am.			
	Only **ONE** car allowed per site.			
14.3	**Low Season per day [REMAINDER OF THE YEAR]**			
14.3.1	Site fee for 2	per day	**R 182**	**R 200**
14.3.2	Per extra person (Adult)	per day	**R 73**	**R 80**
14.3.3	Per extra person (Child)	per day	**R 39**	**R 40**
14.3.4	Electricity	per day	**R 12**	**R 10**
14.3.5	Extra cars, boats or trailers	per day	**R 33**	**R 40**
14.3.5	Pensioners	per day	**R 110**	**R 120**
14.3.6	Caravan Groups	per day	**R 143**	**R 150**
14.3.7	School groups	per day	**R11 per person**	**R12 per person**
	Booking to be paid in full 21 days before arrival.			
	Arrival time is strictly between 13:00 – 17:00 and departure time no later than 10:00am.			
	Only **ONE** car allowed per site.			
14.4	**Visitors**	per visit	**R 24**	**R 30**
14.5	**Deposits**			
			NO VAT CHARGED	**NO VAT CHARGED**
	50% Deposit on confirmation of booking. Pls fax confirmation to 044 3026554			
	Deposits are not refundable on cancellation.			
	!! STRICTLY NO DOGS ALLOWED!!			

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
15	**PLANNING & DEVELOPMENT**			
15	**BUILDING PLAN FEES :-**			
15.1.1	**NEW BUILDING, ADDITIONS AND MAJOR ALTERATIONS TO EXISTING BUILDINGS**			
	* gfa = gross floor area			
	Where gfa (after additions) up to 50m2	Per m2	**R 0.00**	**R 0.00**
	Where gfa (after addition) from 51m2 to 100m2	Per m2	**R 7.00**	**R 7.50**
	Where gfa (after addition) from 101m2 to 200m2	Per m2	**R 12.00**	**R 12.90**
	Where gfa (after addition) from 201m2 to 400m2	Per m2	**R 18.00**	**R 19.40**
	Where gfa (after addition) from 401m2 to 700m2	Per m2	**R 23.00**	**R 24.70**
	Where gfa (after addition) from 701m2 to 1000m2	Per m2	**R 29.00**	**R 31.20**
	Where gfa (after addition) from 1001m2	Per m2	**R 34.00**	**R 36.60**
15.1.2	**ALTERATIONS TO EXISTING BUILDINGS**			
	Where total gfa up to 50m2	Per application	`	**R 0.00**
	Where total gfa from 51m2 to 100m2	Per application	**R 66.00**	**R 71.00**
	Where total gfa from 101m2 to 200m2	Per application	**R 242.00**	**R 260.20**
	Where total gfa from 201m2 to 400m2	Per application	**R 528.00**	**R 567.60**
	Where total gfa from 401m2 to 700m2	Per application	**R 924.00**	**R 993.30**
	Where total gfa from 701m2 to 1000m2	Per application	**R 1 430.00**	**R 1 537.30**
	Where total gfa from 1001m2	Per application	**R 2 046.00**	**R 2 199.50**
15.1.3	**Building plans for Non Single Residential Buildings**			
	New Buildings, Additions and Major Alterations			
	All other Residential Zones	Per m2	**R 17.00**	**R 18.30**
	Business Zones (including resort)	Per m2	**R 20.00**	**R 21.50**
	Industrial Zone	Per m2	**R 20.00**	**R 21.50**
	Agricultural Zone (Residential and Other Buildings)	Per m2	**R 20.00**	**R 21.50**
	Agricultural Zone (Buildings certified by DOA as bona fide farm buildings)	Per m2	**R 6.60**	**R 7.10**
	Other Zones	Per m2	**R 17.00**	**R 18.30**
	All other buildings in all zones except single residential	Per application	**R 550.00**	**R 591.30**
15.1.4	**Amendment of Structure Plan (in addition to rezoning application)**		**R 2 200.00**	**R 2 365.00**
15.2	**OTHER PLAN AND INSPECTION FEES**			
15.2.1	Fences & Walls	per m^2	**R 6.00**	**R 6.50**
15.2.2	Temporary Structures	p.a.	**R 517.00**	**R 555.80**
15.2.3	Re-Inspection Fees (Payable prior to inspection)	Per Application	**R 605.00**	**R 650.40**
15.2.4	Unauthorized building, Plan fee payable	per plan	**Plan Fee + 600%**	**Plan Fee + 600%**
15.2.5	Unauthorized building, worked stopped on instruction	per plan	**x% of plan fee +**	**x% of plan fee +**
15.2.6	If within the Urban Conservation Area in Addition to 8.3.3.4	additional per plan	**200% of Plan fee**	**200% of Plan fee**
15.2.7	If within the Urban Conservation Area in Addition to 8.3.3.5		**x% of 200% of fee**	**x% of 200% of fee**
15.2.8	If building occupied prior to receiving Occupation Certificate		**Plan Fee + 200%**	**Plan Fee + 200%**
15.2.9	Demolition certificate		**R 550.00**	**R 591.30**
15.2.10	Conditional or Temporary Occupational Certificate	Per Application	**R 3 000.00**	**R 3 225.00**
15.2.11	Provisional Authorisation in terms of Section 7(6) of the	Per Application	**R 5 500.00**	**R 5 912.50**
15.3	**BUILDING AND SERVICES DEPOSIT**			
15.3.1	**SERVICE AND BUILDING DEPOSIT**			
	To be refunded on the satisfactory completion of all building operations, issuing of completion certificate and reinstatement of any of Council's property and services.		**NO VAT CHARGEI**	**NO VAT CHARGED**
15.3.1.1	Single Residential	per street frontage	**R 0**	**R 0**
15.3.1.2	Business & Other Properties	per street frontage	**R 0**	**R 0**
15.3.1.3	Sigle res (SR) Where total gfa <51m2	Per application	**R 0**	**R 0**
15.3.1.4	SR Where total gfa >50m2 and <100m2	Per application	**R 495**	**R 532.00**

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
15	**PLANNING & DEVELOPMENT**			
15.3.1.5	SR Where total gfa >100m2 and <200m2	Per application	**R 1 815**	**R 1 951.00**
15.3.1.6	SR Where total gfa >200m2 and <400m2	Per application	**R 3 960**	**R 4 257.00**
15.3.1.7	SR Where total gfa >400m2 and <700m2	Per application	**R 6 930**	**R 7 450.00**
15.3.1.8	SR Where total gfa >700m2 and <1000m2	Per application	**R 10 725**	**R 11 529.00**
15.3.1.9	SR Where total gfa >1000m2	Per application	**R 15 345**	**R 16 496.00**
15.3.1.10	All other Zones	Per application	**R 6 930**	**R 7 450.00**
15.3.2	**HOARDING RENTAL**			
15.3.2.1	Hoarding Rental of Parking, Roadways or Pavements, subject to below:	per 10m2 per	**R 193**	**R 207.00**
	Any area less than 10m2 and / or portion of a month shall be charged fully as a whole.			
15.3.3	**CONTRAVENTION LEVY**			
15.3.3.1	Application for contravention levy		R 2 750	**R 2 956.00**
15.3.3.2	Determination of Contravention levy		Cost + 25%	**Cost + 25%**
15.3.4	**MAINTENANCE OF BUILDING SITE**			
15.3.4.1	Cleaning and clearing of Building Site		Cost + 25%	**Cost + 25%**
15.4	**TOWN PLANNING**			
15.4.1	**LAND USE PLANNING ORDINANCE, 1985 (Ordinance 15/1985)**			
	Application Fees			
15.4.1.1(a)	Application for consent use		**R 1 540**	**R 1 656.00**
15.4.1.1 (b)	Application for rezoning		**R 0**	**R 0**
(i)	To a residential zone: less than 2 000m^2		**R 1 485**	**R 1 596.00**
(ii)	To a residential zone: 2 000m^2 to 10 000m^2		**R 2 695**	**R 2 897.00**
(iii)	To a residential zone: more than 10 000m^2		**R 4 840**	**R 5 203.00**
(iv)	To a commercial zone: less than 2 000m^2		**R 2 200**	**R 2 365.00**
(v)	To a commercial zone: 2 000m^2 to 10 000m^2		**R 4 400**	**R 4 730.00**
(vi)	To a commercial zone: more than 10 000m^2		**R 6 600**	**R 7 095.00**
(vii)	To any other land use		**R 2 200**	**R 2 365.00**
(i)	Erven smaller than 250m²		**R 0**	**R 0**
(ii)	Erven smaller than 500m²		**R 583**	**R 627.00**
(iii)	Erven larger than 500m²		**R 1 166**	**R 1 253.00**
15.4.1.1(c)	Section 15(1)(a)(ii) [temporary use departures]:			
(i)	Huiswinkels, mobiles, etc		**R 154**	**R 166.00**
(ii)	Other (including taverns)		**R 2 420**	**R 2 602.00**
15.1.1.1(d)	Subdivision:			
	- to a maximum of [equivalent to 12 portions (R880 + R100 x 10 = R1880)]		**R 4 378**	**R 4 706.00**
15.4.2	Removal of restrictions		**R 1 705**	**R 1 833.00**
15.4.2 (a)	Amendment of condition of approval (§43 (2) of Ord. 15 of 1985)		**R 1 210**	**R 1 301.00**
15.4.2 (b)	Approval of Architectural Design Manual, Homeowners Constitution, Environmental Management Plan, or Site Development Plan.		**R 1 210**	**R 1 301.00**
15.4.3	Applications for Permits in terms of (OSCAER) Outeniqua Sensitive Coastal Area Extension Regulations R1528 of 27 November 1998		**R 1 210**	**R 1 301.00**
15.4.4	Cancellation / Amendment of general plan		**R 1 100**	**R 1 183.00**
15.5.2	**OUTDOOR ADVERTISING AND SIGNAGE**			
15.5.2.1	**Deposit**		**NO VAT CHARGED**	**NO VAT CHARGED**
	Refundable deposit - Charitable Institutions		**R 0**	**R 0**
	Refundable deposit - Commercial Enterprises		**R 0**	**R 0**
15.5.2.2	**Application Fees**		**(14% VAT Incl)**	**(14% VAT Incl)**
	Per square metre or part thereof for the first square metre		**R 341**	**R 367.00**
	Per square metre or part thereof up to 8 square metres (1-8 square metre)		**R 396**	**R 426.00**

TARIFFS, CHARGES AND FEES FOR 2012 / 2013

15 PLANNING & DEVELOPMENT

Item	Details	Frequency/ Measure/ Occasion	Tariff 2011/12 (14% VAT Incl)	Tariff 2012/13 (14% VAT Incl)
	Per square metre or part thereof there above (more than 8 square metre)		**R 1 210**	**R 1 301.00**
15.5.2.3	**Variances**		**(14% VAT Incl)**	**(14% VAT Incl)**
	Prescribed variation application fee			
	Per square metre or part thereof for the first square metre		**R 913**	**R 981.00**
	Per square metre or part thereof up to 8 square metres (1-8 square metre)		**R 1 210**	**R 1 301.00**
	Per square metre or part thereof there above (more than 8 square metre)		**R 4 015**	**R 4 316.00**
15.5.2.4	**Penalties**		**NO VAT CHARGEI**	**NO VAT CHARGED**
	Fines [or 21 days imprisonment, or both]		**R 12 100**	**R 13 007.50**
	Every day such offence continues after written notice has been issued		**R 605**	**R 650.00**
	For second and subsequent offences, a maximum fine [or 28 days imprisonment, or both]		**R 24 200**	**R 26 015.00**
	To be revised by the Chief Magistrate from time to time			
15.5.3	**COPIES**			
	Search Fees	per erf	**R 22**	**R 24.00**
	Knysna Town Planning Map Book	per book	**R 550**	**R 591.00**
	Diagrams	per diagram	**R 22**	**R 24.00**
	Structure Plan	per plan	**R 550**	**R 591.00**
	Town Planning / Scene regulations	per set	**R 550**	**R 591.00**
	Zoning certificate	per certificate	**R 165**	**R 177.00**

Knysna Municipality

DRAFT Medium Term Revenue & Expenditure Framework (MTREF)

Annexure 4

MFMA Budget Circular No. 58 for the 2012/2013 MTREF

NATIONAL TREASURY

MFMA Circular No. 58

Municipal Finance Management Act No. 56 of 2003

Municipal Budget Circular for the 2012/13 MTREF

This circular provides further guidance to municipalities and municipal entities for the preparation of their 2012/13 Budgets and Medium Term Revenue and Expenditure Framework (MTREF). It must be read together with MFMA Circulars No. 48, 51, 54 and 55.

CONTENTS

1 KEY FOCUS AREAS FOR THE 2012/13 BUDGET PROCESS 2
1.1 Taking the 2011 Local Government and Expenditure Review forward 2
1.2 National priority – creating decent employment opportunities 3
1.3 Additional allocations to local government 3
1.4 Procurement reforms and fighting corruption 4

2 HEADLINE INFLATION FORECASTS 4

3 REVISING RATES, TARIFFS AND OTHER CHARGES 4
3.1 NERSA's process to approve electricity tariffs 5
3.2 Eskom bulk tariff increases 5
3.3 Introduction of inclining block tariffs (IBT) for electricity 6
3.4 Water and sanitation tariffs must be cost-reflective 6
3.5 Solid waste tariffs 7

4 FUNDING CHOICES AND MANAGEMENT ISSUES 7
4.1 Eliminating non-priority spending 8
4.2 Three-year and one-year capital appropriations 8
4.3 Revaluations in terms of GRAP 17 and the treatment of depreciation in the budget 9
4.4 Cash backing provided in capital replacement reserves 10
4.5 Budget and accounting treatment of VAT related to conditional grant expenditures 11
4.6 Accounting treatment of retention fees and conditional grant funded projects 13
4.7 Districts transferring funds to local municipalities 13
4.8 Benefits to mayors and councillors 14
4.9 Budget management issues dealt with in previous MFMA Circulars 15

5 CONDITIONAL TRANSFERS TO MUNICIPALITIES 15
5.1 Conditional grant issues dealt with in previous MFMA Circulars 16

6 THE MUNICIPAL BUDGET AND REPORTING REGULATIONS 16
6.1 All municipalities must prepare budgets in accordance with the regulations 17
6.2 The Dummy Budget Guide 17
6.3 Assistance with the compilation of budgets 18
6.4 End to the phasing in of formats and tables 18
6.5 Consolidated budgets and reports for municipalities with entities 18
6.6 Application of regulations to municipal entities 19
6.7 Municipal budgets and internal charges 19
6.8 Distinguishing between cash and non-cash transfers and grants 20
6.9 The cost of free basic services versus the revenue cost of free services 20
6.10 Completion of service delivery information on Table A10 21
6.11 MBRR issues dealt with in previous MFMA Circulars 21

7 BUDGET PROCESS AND SUBMISSIONS FOR THE 2012/13 MTREF 22
7.1 Submitting budget documentation and schedules for 2012/13 22
7.2 Budget reform returns to the National Treasury database for publication 23
7.3 Publication of budgets on municipal websites 23

ANNEXURE A – CHANGES TO SCHEDULE A1 – THE 'EXCEL FORMATS' 24

1 Key focus areas for the 2012/13 budget process

The *Medium Term Budget Policy Statement 2011* notes that in recent months the domestic economy has lost momentum as a result of the disruption to world economic activity following the Japanese tsunami, domestic strike activity and moderating household consumption. In the first quarter of 2011, the economy grew at 4.5 per cent on an annual basis. In the second quarter, growth slowed to 1.3 per cent. Real GDP is now expected to grow by 3.1 per cent in 2011 – a downward revision from the 3.4 per cent forecast in the 2011 Budget.

The labour market remains sluggish. Formal sector non-agricultural employment is just 2.6 per cent higher than its low in March 2010. Unemployment increased from 21.8 per cent in the fourth quarter of 2008 to 25.7 per cent in the second quarter of 2011. This figure does not capture the estimated 2.2 million workers who have stopped looking for work.

Consequently, municipal revenues and cash flows are expected to remain under pressure in 2012/13 and ***so municipalities must adopt a conservative approach when projecting their expected revenues and cash receipts***. Municipalities should also pay particular attention to managing all revenue and cash streams effectively, and carefully evaluate all spending decisions.

1.1 Taking the 2011 Local Government and Expenditure Review forward

In September 2011, National Treasury published the *Local Government Budgets and Expenditure Review*. Municipalities are urged to work through the document as part of their preparations for drafting their 2012/13 budgets and MTREF.

The *Review* highlights the following areas as requiring particular attention:

i. ***Revenue management*** – To ensure the collection of revenues, municipalities need to ensure that billing systems are accurate, send out accounts to residents and follow up to collect revenues owed.

ii. ***Collecting outstanding debts*** – This requires political commitment, sufficient administrative capacity, and pricing policies that ensure that bills are accurate and affordable, especially for poor households.

iii. ***Pricing services correctly*** – The full cost of services should be reflected in the price charged to residents who can afford to pay. Many municipalities offer overly generous subsidies and rebates that result in services being run at a loss, resulting in funds being diverted away from other priorities.

iv. ***Underspending on repairs and maintenance*** – Often seen as a way to reduce spending in the short term, underspending on maintenance can shorten the life of assets, increase long-term maintenance and refurbishment costs, and cause a deterioration in the reliability of services.

v. ***Spending on non-priorities*** – Many municipalities spend significant amounts on non-priority items including unnecessary travel, luxury furnishings, excessive catering and unwarranted public relations projects. Consultants are often used to perform routine tasks.

The *2011 Local Government Budgets and Expenditure Review* can be accessed at:
http://www.treasury.gov.za/publications/igfr/2011/lg/default.aspx

1.2 National priority – creating decent employment opportunities

Creating decent employment opportunities remains a national priority. In drafting their 2012/13 budgets and MTREFs all municipalities are urged to continue to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the Extended Public Works Programme.

Municipalities should not just employ more people without any reference to the level of staffing required to deliver effective services, and what is financially sustainable over the medium term. The municipality ought to focus on maximizing its contribution to job creation by:

- Ensuring that service delivery and capital projects use labour intensive methods wherever appropriate;
- Ensuring that service providers use labour intensive approaches;
- Supporting labour intensive LED projects;
- Participating fully in the Extended Public Works Programme; and
- Implementing interns programmes to provide young people with on-the-job training.

Municipalities also play a critical role in creating an enabling environment for investments and other activities that lead to job creation. In this regard, it is important for municipalities to pay particular attention to ensuring the timely delivery of their capital programmes (eliminate under-spending of capital budgets) and to review all by-laws and development approval processes with a view to removing any regulatory bottlenecks to investment and job creation.

1.3 Additional allocations to local government

The *Medium Term Budget Policy Statement 2011* indicates that over the 2012 MTEF, transfers to local government grow by R5 billion, of which R2.2 billion is added to the local government equitable share and R2.8 billion to local government conditional grants. However, most of these funds are only going to be made available in 2013/14 and 2014/15.

This means the baseline allocations to local government for 2012/13 are set to remain largely unchanged from the amounts published in the 2011 Division of Revenue Act, namely R37.5 billion to the local government equitable share, and R30.4 billion for conditional grants. The final allocations to municipalities will be announced in the 2012 Division of Revenue Bill, which will be tabled by the Minister of Finance on 22 February 2012. This information will be communicated to municipalities in a further Budget Circular for the 2012/13 financial year to be issued shortly after the tabling of the National Budget.

Municipalities MUST ensure that their tabled budgets reflect the equitable share and conditional grant allocations set out in the 2012 Division of Revenue Bill.

At this stage, municipalities are advised to use the indicative numbers for 2012/13 in the 2011 Division of Revenue Act to compile their budgets. This document is available on National Treasury's website at:

http://www.treasury.gov.za/legislation/acts/2011/Default.aspx

1.4 Procurement reforms and fighting corruption

Municipalities are again advised that the supply chain compliance unit will also be focusing on municipal procurement processes. Consequently, municipalities can expect requests for information relating to their tender committees and processes, as well as specific tenders and contracts.

Municipalities are also encouraged to introduce greater transparency to municipal supply chain processes by publishing SCM process outcomes on their websites.

2 Headline inflation forecasts

Municipalities must take the following inflation forecasts into consideration when preparing their 2012/13 budgets and MTREF. Again this information will be updated in a further Budget Circular to be issued after the tabling of the National Budget on 22 February 2012.

Fiscal year	2010	2011	2012	2013	2014
	Actual	Estimate	Forecast		
Headline CPI Inflation	3.3%	5.0%	5.4%	5.6%	5.4%

Source: Medium Term Budget Policy Statement 2011

The period of the *Salary and Wage Collective Agreement 2009/10 to 2011/2012* has come to an end. In the absence of other information from the South African Local Government Bargaining Council, municipalities are advised to budget for a 5 per cent cost-of-living increase adjustment, to be implemented with effect from July 2012 (in-line with the increase proposed in the 2011 MTBPS).

3 Revising rates, tariffs and other charges

When municipalities and municipal entities revise their rates, tariffs and other charges for their 2012/13 budgets and MTREF, they need to take into account the labour (i.e. the wage agreements with unions) and other input costs of services provided by the municipality or entity, the need to ensure financial sustainability, local economic conditions and the affordability of services, taking into consideration the municipality's indigent policy. Municipalities should also take into account relevant policy developments in the different sectors (such as the *inclining block tariff* (IBT) proposals from the National Energy Regulator of South Africa (NERSA)).

Municipalities should continue to explore appropriate ways of structuring the tariffs for utility services to encourage more efficient use of these services and to generate the resources required to fund the maintenance, renewal and expansion of the infrastructure required to provide the services.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges at levels that reflect an appropriate balance between the interests of poor households, other customers and ensuring the financial sustainability of the municipality. For this reason municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target.

3.1 NERSA's process to approve electricity tariffs

It is very important that municipalities and NERSA work together to ensure that the process of approving electricity tariffs does not disrupt the process of compiling municipal budgets or compromise community consultations on the budget. It is for this reason that section 43 of the MFMA reads:

> 43 (1) If a national or provincial organ of state in terms of a power contained in any national or provincial legislations determines the upper limits of a municipal tax or tariff, such determination takes effect for municipalities on a date specified in the determination.
>
> (2) Unless the Minister on good grounds approves otherwise, the date specified in a determination referred to in subsection (1) may-
> (a) if the determination was promulgated on or before 15 March in a year, not be a date before 1 July in that year; or
> (b) if the determination was promulgated after 15 March in a year, not be a date before 1 July in the next year.

So if NERSA only concludes its final determination for a municipality after 15 March, the municipality is not obliged to implement NERSA's final determination with effect from 1 July of the current year, unless the Minister on good grounds approves otherwise.

It is proposed that the only 'good grounds' that the Minister of Finance will consider for requiring compliance with a final determination issued by NERSA after 15 March, is where NERSA can show that a municipality has failed to:

i. submit its D-form either before 30 October 2011 or the extended deadline of 30 January 2012; or
ii. submit a tariff application to NERSA containing all the required information by 30 January 2012; or
iii. fails to participate in public hearings called and held by NERSA a reasonable period before 15 March 2012.

Where a municipality can demonstrate that it has complied with (i), (ii) and (iii) above, and that NERSA did not issue a final determination before 15 March 2012, the municipality will be entitled to use the tariffs for 2012/13 set out in its original application to NERSA that must have been submitted by 30 January 2012.

3.2 Eskom bulk tariff increases

The Eskom price of bulk electricity supplied to municipalities will increase by 27.06 per cent on 1 July 2012. Municipalities are urged to examine the cost structure of their electricity undertakings and apply to NERSA for electricity tariff increases that are cost reflective and ensure continued financial sustainability.

National Treasury supports the use of the following formula, proposed by NERSA, for calculating municipal electricity tariff increases:

$$MTI = (B \times BPI) + (S \times SI) + (R \times RI) + (C \times CCI) + (OC \times OCI)$$

Where:

MTI = % Municipal Tariff Increase
B = % Bulk purchases
BPI = % Bulk purchase increase
S = % Salaries
SI = % Salaries increase
R = % Repairs
RI = % Repairs increase
C = % Capital charges
CCI = % Capital charges increase
OC = % Other costs
OCI = % Other costs increase

All cost shares and increases must relate to the electricity function of the municipality

NERSA will be issuing its guideline tariff increase for municipalities in due course. The relevant guideline, as well as NERSA's Reasons for Decision document will be available at: www.nersa.org.za.

Where a municipality's evaluation of its cost structure results in a lower or higher tariff increase to that proposed by NERSA, the municipality must structure its tariffs accordingly and ensure it provides the necessary motivation and information in its tariff application to NERSA.

3.3 Introduction of inclining block tariffs (IBT) for electricity

National Treasury supports the introduction of IBTs for electricity by municipalities. However, it is important that each municipality designs an IBT structure that is appropriate to its specific circumstances, and ensures an appropriate balance between 'low income customers' and other domestic, commercial and business customers, and the financial interests of the municipality.

It is also important that any proposed IBT is fully aligned to the principles set out in the *South African Electricity Supply Industry: Electricity Pricing Policy* (EPP) issued on 19 December 2008, including the principle that electricity tariffs must be cost reflective and that any cross-subsidies should be explicit.

A municipality must structure its IBT tariff according to its own specific circumstances and ensure that it provides the necessary motivation and information to NERSA in its tariff application. In this regard, municipalities need to pay careful attention to determining an appropriate level of cross-subsidisation between the different IBT blocks given the profile of its customer base, and also have regard to the price elasticity of the demand for electricity.

3.4 Water and sanitation tariffs must be cost-reflective

Municipalities are reminded to review the level and structure of their water and sanitation tariffs carefully with a view to ensuring:

- Water and sanitation tariffs are on aggregate fully cost-reflective – including the bulk cost of water, the cost of maintenance and renewal of purification/treatment plants and network infrastructure, and the cost of new infrastructure;
- Water and sanitation tariffs are structured to protect basic levels of service; and

- Water and sanitation tariffs are designed to encourage efficient and sustainable consumption (e.g. through inclining block tariffs).

If a municipality's water and sanitation tariffs are not fully cost reflective, the municipality should develop a pricing strategy to phase-in the necessary tariff increases in a manner that spreads the impact on consumers over a period of time. However, all municipalities should aim to have appropriately structured, cost-reflective water and sanitation tariffs in place by 2014.

To mitigate the need for water tariff increases, municipalities must put in place an appropriate strategy to limit water losses to acceptable levels. In this regard municipalities must ensure that water used by its own operations is charged to the relevant service, and not simply attributed to water 'losses'.

Municipalities not already calculating and reporting non-revenue water in accordance with the International Water Association (IWA) standards as required by the Department of Water Affairs (DWA) should contact DWA for assistance in this regard. National Treasury is working with DWA to publish this information in the near future.

3.5 Solid waste tariffs

Many municipalities' solid waste tariffs do not cover the cost of providing the different components of the service. Where this is the case, municipalities should aim to have appropriately structured, cost-reflective solid waste tariffs in place by 2015.

The tariffs for solid waste management must take into account that it is good practice to maintain a cash-backed reserve to cover the future costs of rehabilitating landfill sites.

Municipalities are encouraged to explore alternative methodologies to manage solid waste, including recycling and incineration in plants that use the heat energy to generate electricity.

4 Funding choices and management issues

Given on-going economic pressures referred to in section 1 above, the revenue side of municipal budgets will continue to be constrained, so municipalities will again need to make some very tough decisions on the expenditure side this year. Priority ought to be given to:

- Ensuring that drinking water and waste water management meets the required quality standards at all times;
- Protecting the poor;
- Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation;
- Securing the health of their asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance; and
- Expediting spending on capital projects that are funded by conditional grants.

Municipalities must also ensure that their capital budgets reflect consistent efforts to address the backlogs in basic services and the renewal of the infrastructure of existing network services.

4.1 Eliminating non-priority spending

Municipalities must pay special attention to controlling unnecessary spending on nice-to-have items and non-essential activities. The following examples of non-priority expenditure have been observed, and need to be eliminated:

i. excessive sponsorship of music festivals, beauty pageants and sporting events, including the purchase of tickets to events for councillors and/or officials;
ii. public relations projects and activities that are not centred on actual service delivery or are not a municipal function (e.g. celebrations; gala dinners; commemorations, advertising and voter education);
iii. LED projects that serve the narrow interests of only a small number of beneficiaries or fall within the mandates of other government departments such as the Department of Agriculture;
iv. excessive catering for meetings and other events, including the use of public funds to buy alcoholic beverages;
v. arranging workshops and events at expensive private venues, especially ones outside the municipality (as opposed to using the municipality's own venues);
vi. excessive printing costs (instead of maximising the use of the municipality's website, including providing facilities for the public to access the website);
vii. excessive luxurious office accommodation and office furnishings;
viii. foreign travel by mayors, councillors and officials, particularly 'study tours';
ix. excessive councilor and staff perks such as luxurious mayoral cars and houses, notebooks, IPADS and cell-phone allowances; travel and subsistence allowances (certain of these may be irregular spending – see paragraph 4.8 below);
x. excessive staff in the office of the mayor – particularly the appointment of political 'advisors' and 'spokespersons';
xi. all donations to individuals that are not made in terms of the municipality's indigent policy or a bursary scheme; for instance donations to cover funeral costs (other than pauper burials which is a district municipality function);
xii. costs associated with long-standing staff suspensions and the legal costs associated with not following due process when suspending or dismissing staff, as well as payment of severance packages or 'golden handshakes'; and
xiii. the use of consultants to perform routine management tasks, and the payment of excessive fees to consultants.

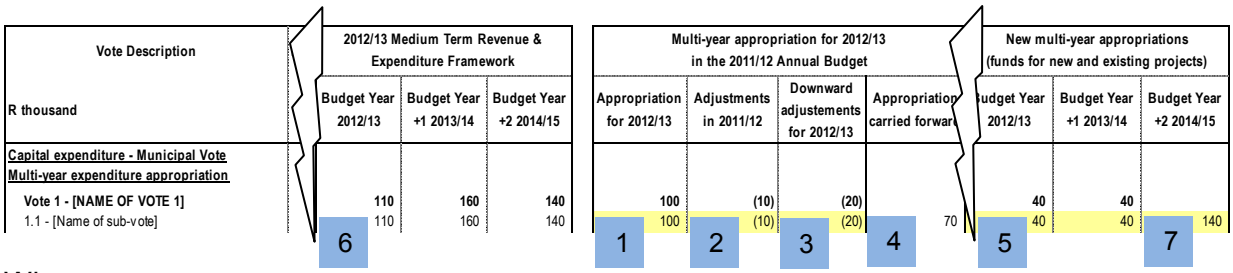
4.2 Three-year and one-year capital appropriations

To facilitate the delivery of large capital projects, section 16(3) of the MFMA allows a municipality to appropriate capital budgets for three financial years, i.e. the budget year and the following two years of the MTREF. The aim of such multi-year capital appropriations is to:

- lock the council into funding the full cost of large capital projects so as to ensure their successful completion;
- facilitate the forward planning of capital projects and programmes;
- enable the municipality to initiate procurement processes for capital projects in the two outer years of the MTREF (given the funds are appropriated) and so ensure improved levels of capital spending; and
- enable funding for such capital projects to be brought forward in terms of section 31 of the MFMA to facilitate more rapid project implementation (although National Treasury would prefer municipalities to the use of the mid-year adjustments budget for this purpose).

Municipalities are encouraged to use these provisions of the MFMA appropriately, and ensure they divide their capital budgets correctly between the 'multi-year expenditure' and the 'single-year expenditure' sections on Tables A5A and A5.

To facilitate the tracking of past multi-year appropriations in the preparation of the new budget the 'multi-year expenditure' section of Table A5A has been changed to look as follows:



Vote Description	2012/13 Medium Term Revenue & Expenditure Framework			Multi-year appropriation for 2012/13 in the 2011/12 Annual Budget				New multi-year appropriations (funds for new and existing projects)		
R thousand	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Appropriation for 2012/13	Adjustments in 2011/12	Downward adjustements for 2012/13	Appropriation carried forwar	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Municipal Vote										
Multi-year expenditure appropriation										
Vote 1 - [NAME OF VOTE 1]	110	160	140	100	(10)	(20)		40	40	
1.1 - [Name of sub-vote]	110	160	140	100	(10)	(20)	70	40	40	140
	6			1	2	3	4	5		7

Where:

1 – the original 2012/13 appropriation in the 2011/12 Annual Budget
2 – any upward or downward adjustments made to the original 2012/13 appropriation during the 2011/12 financial year (for instance in an adjustments budget)
3 – any downward adjustments to the original 2012/13 appropriation to be effected in the 2012/13 Annual Budget
4 – the balance of the original 2012/13 appropriation to be carried forward into the 2012/13 Annual Budget
5 – any new funds to be allocated to the original 2012/13 appropriation in the 2012/13 Annual Budget
6 – the new amount to be appropriated for 2012/13 (consists of 4+5)
7 – the new multi-year budget for the outer year of the MTREF

(not shown above is the reconciliation of the original 2013/14 multi-year appropriation in the 2011/12 Annual Budget, which follows exactly the same methodology shown above).

Any downward adjustments under '3' must be fully explained in the municipality's budget document, as such a change suggests the municipality may have decided to discontinue the implementation of a large capital project or programme before completion. This is would need to be properly justified to the community.

4.3 Revaluations in terms of GRAP 17 and the treatment of depreciation in the budget

In the process of implementing GRAP 17, many municipalities have chosen the 'revaluation model' and revalued their existing assets[1]. The impact of this choice has been to massively increase the 'value' of assets reflected on municipalities' Statement of Financial Positions, leading to higher levels of depreciation being reflected on their Budgeted Statements of Financial Performance. This in turn has resulted in municipalities reflecting 'non-cash deficits' on their Budgeted Statements of Financial Performance and consequently motivating for higher tariff increases in order to cover the cost of the higher depreciation.

It has also created a situation where different municipalities are managing their finances based on very different accounting models related to asset valuation. This is resulting in differences in the determination of depreciation costs for use in tariff setting, and is likely to result in widely

[1] Note that many municipalities, when implementing GRAP 17, had to bring a large number of assets onto their books for the first time because of incomplete asset registers. The result would also have been to significantly increase the value of their assets. However, the 'cost model' depreciation associated with these assets must be reflected on a municipality's Budgeted Statement of Financial Performance and be taken into account in setting tariffs.

divergent tariffs being set for the same service across municipalities. This is inequitable from a consumer perspective. It also makes comparative assessments of the financial sustainability of municipalities very difficult.

National Treasury has examined the budgeting and accounting treatment of depreciation resulting from the application of the 'revaluation model' to assets in terms of GRAP 17 and determined that including such depreciation in the Budgeted Statements of Financial Performance artificially inflates the municipalities' actual depreciation and distorts the surplus/(deficit) calculation. *Therefore municipalities that have chosen the 'revaluation model' when implementing GRAP 17 must exclude the depreciation resulting from the revaluation of PPE when preparing their budgets and calculating any tariff increases.*

To facilitate this, the depreciation detail required on Supporting Table SA1 has been modified as follows:

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment											
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	-	-	-	-	-	-	-	-	-	-

The 'Total Depreciation and asset impairment' taken through to Table A4 excludes 'Depreciation resulting from the revaluation of PPE' associated with the adoption of the 'revaluation model' with the implementation of GRAP 17. The depreciation related to the 'cost model' of assets will thus still be taken through to Table A4 (Budgeted Statement of Financial Performance).

As regards the treatment on the Statement of Financial Position: 'Depreciation resulting from the revaluation of PPE' must be debited against the 'Revaluation reserve account'.

4.4 Cash backing provided in capital replacement reserves

Each municipality needs to develop a strategy to fund infrastructure (both new and replacement) that takes into account internally generated funds, borrowing, development charges, transfers and any other relevant source of capital funding. A municipality's capital replacement reserve must reflect the accumulated provision of internally generated funds designated to replace aging assets – it must therefore be fully cash-backed. Each municipality needs to develop a policy providing for ***an appropriate level of cash-backing in its capital replacement reserve*** for the replacement of assets. The appropriate size of the capital replacement reserve will differ for each municipality depending on its infrastructure funding strategy, the nature of its assets, the state of those assets, how the assets were financed and its capital replacement plans, as well as its ability to generate cash surpluses on its operating budget.

The capital replacement reserve policy should take the following issues into consideration:

i. Priority should be given to providing cash-backing for the replacement of assets used to provide basic services and revenue earning assets;

ii. Where assets were financed by borrowing, the level of cash-backing must take into consideration the likely funding strategy to replace the assets;

iii. Cash-backing should also be provided for assets that were originally financed by conditional grants (it must be assumed that national government *will not fund the replacement of such assets in the future*);

iv. The overall level of cash-backing should take into consideration the increasing cost of replacing assets;

v. The overall level of cash-backing should also take into account the opportunity cost of holding cash investments relative to the demand for new infrastructure and the cost of borrowing; and

vi. The conditions under which the municipality may 'draw-down' on these reserves to fund its capital budget.

From the above it is clear that it is neither necessary nor prudent for a municipality to create a capital replacement reserve that provides cash-backing for the replacement of all assets. To do so would entail forcing the current ratepayers and customers to pay for the replacement of all current assets by raising tariffs beyond levels that are properly cost-reflective. This is not equitable from an intergenerational perspective.

4.5 Budget and accounting treatment of VAT related to conditional grant expenditures

The accounting treatment of VAT in relation to conditional grant expenditures is dealt with in the *VAT Guide 419*. The discussion below deals only with the issues and accounting treatment arising from the 'own revenue' provision in MFMA Circular 48, namely:

i. How municipalities budget for conditional grants and the reclaimed VAT amounts?

ii. How municipalities report on their expenditure performance against conditional grant allocations and the impact this has on the calculation of 'unspent' amounts that have to be returned to the National Revenue Fund?

iii. How municipalities record the reclaimed VAT related to conditional grant expenditures in their Annual Financial Statements?

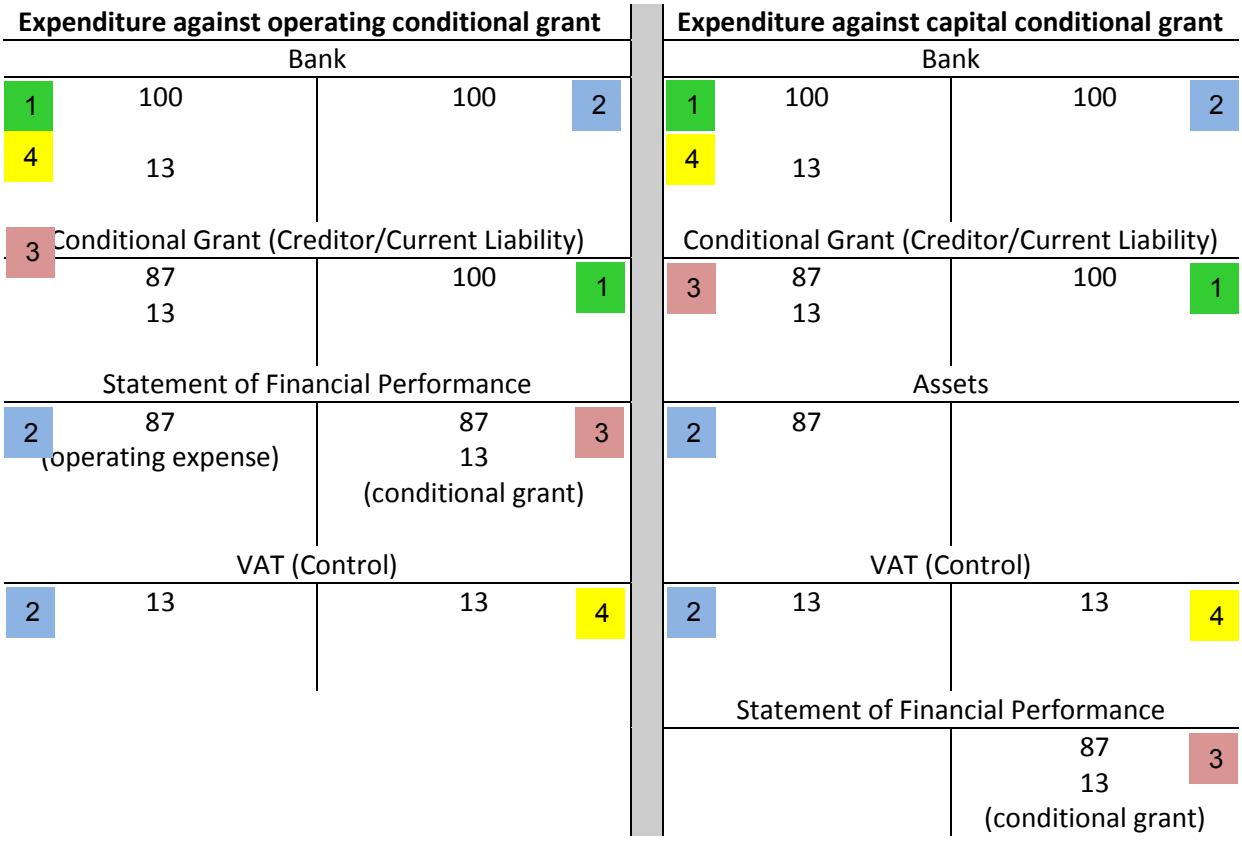
In addressing these issues, the point of departure is that ALL conditional grant allocations in the Division of Revenue Act are VAT inclusive, i.e. national government has budgeted to pay the VAT inclusive price of the goods and services purchased by municipalities using conditional grant funds.

The reasons for all conditional grant allocations in DoRA being VAT inclusive, and for the 'own revenue' provision in MFMA Circular 48 are as follows:

- It is administratively cumbersome to track conditional grant spending excluding VAT, and to ensure that the spiral of reclaimed VAT is spent in accordance with a particular grant framework.
- Treating the reclaimed VAT as 'own revenue' provides municipalities with a strong incentive to spend their conditional grants. If a municipality fails to do so, it forfeits the opportunity to earn 'own revenue' in the form of reclaimed VAT, as the full unspent amount has to be returned to the National Revenue Fund.
- Treating conditional grant allocations as VAT inclusive means that the recipient municipality does not have to cash flow finance the input VAT in order to spend the entire conditional grant. Many municipalities are unable to do so given their very constrained cash positions, and so there is a risk that they would under-spend on their conditional grants.

From the core policy position that all conditional grants are VAT inclusive, the following:

- A municipality must show its full capital conditional grant allocations reflected in the DoRA under 'transfers and grants – capital' on Tables A2, A3, A4 and A5, so as to facilitate proper tracking of these allocations (i.e. a municipality must not split the capital conditional grants revenue up into 'capital' and 'operational' components in the Budgeted Statement of Financial Performance and Capital Budget);
- A municipality must show the anticipated reclaimed VAT under 'current assets' on its Budgeted Statement of Financial Position (Table A6), which would flow through to the Budgeted Cash Flow (Table A7) (i.e. the reclaimed VAT does not get recorded as 'own revenue' on the Budgeted Statement of Financial Performance, but as a cash receipt on the Budgeted Cash Flow);
- A municipality must report the VAT inclusive expenditure against ALL conditional grants for purposes of DoRA. If they fail to do so, the reclaimed input VAT will reflect as 'unspent' and the municipality will be expected to return such 'unspent' funds to the National Revenue Fund.
- The accounting treatment of conditional grant spending in order to give effect to the 'own revenue' provision in MFMA Circular 48 is as follows:



Where:

1 – Is receipt of the Gazetted conditional grant by the municipality in its 'bank' account. The counter entry is on 'conditional grant liability' as the conditional grant revenue is only recognised when the conditions attached to the use of the funding have been met.

2 – When the expenditure is incurred, the 'bank' is credited, and the counter debit entries are:

- in the case of operating conditional grants, split against 'statement of Financial Performance' and 'VAT (control)'; and

- in the case of capital conditional grants, split against 'assets' and 'VAT (control)'.

3 – The conditional grant liability is subsequently debited (reduced) by both the amount spent and the VAT amount and the grant revenue recognised (including VAT) is credited in the 'Statement of Financial Performance'.

4 – Is the receipt of the VAT refund from SARS.

Based on the above transaction, the input VAT that is reclaimed would ultimately form part of the municipality's cash and cash equivalents, which is a source of 'internally generated funds' that the municipality takes into consideration when compiling future budgets. As a matter of good practice, municipalities should use these internally generated funds to either further fund their capital budget or to fund the repairs and maintenance of assets, especially those built using conditional grants.

4.6 Accounting treatment of retention fees and conditional grant funded projects

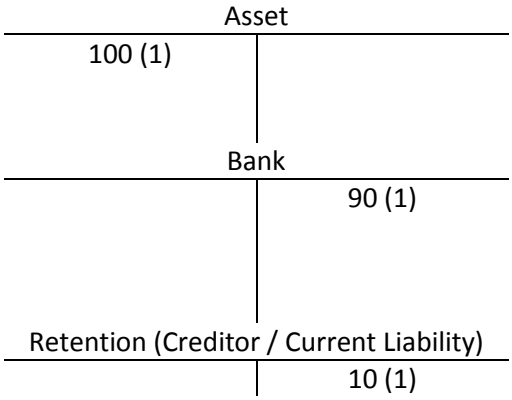
The issue of the accounting treatment of retention fees related to projects funded by conditional grants has arisen due to the impact the mismanagement of the practice has on:

i. The level of conditional grant spending a municipality reports in terms of DoRA;

ii. The impression that the 'retention fees' are unspent conditional grant funds which must be returned to the National Revenue Fund; and

iii. The treatment of such funds when a municipality applies for the rollover of unspent conditional grant funds at the end of a financial year.

The correct accounting treatment of 'retention fees' (before they are paid = (1)) is as follows:



When reporting on conditional grant spending, the municipality must report on the total value of the invoice due (including any retentions). This is because in accrual accounting the full invoice is regarded as expenditure incurred; it is only payment that has been delayed.

4.7 Districts transferring funds to local municipalities

The local government equitable share and many of the conditional grants are paid to municipalities in line with the *legal allocation of powers and functions* and not to the municipality that may actually be performing a particular basic service (water, electricity, sewerage and refuse removal).

In practice this means that equitable share and conditional grant funds for the basic services are paid to a district municipality that is the 'service authority' even though one or more of the local municipalities within the district are the de facto service providers. In such circumstances the district municipality MUST have a service delivery agreement with the local municipality

and there is an expectation that the district will 'pass onto' the local municipality 'funds for the subsidisation of services to the poor' (see section 80 and 81 of the Municipal Systems Act).

Section 28 of the 2011 Division of Revenue Act provides that each category C municipality must indicate in its budget all allocations from its equitable share and conditional allocations to be transferred to each category B municipality within the category C municipality's area of jurisdiction (these transfers must be detailed on Table SA21, and reflected under 'transfers and grants' on Table A4).

National Treasury is aware that certain district municipalities are failing to transfer an equitable portion of the equitable share funds they receive to the local municipalities responsible for the de facto delivery of services within their areas, and are not spending conditional grants intended to address service delivery backlogs appropriately. As a result, the extension of basic services and the provision of free basic services by these local municipalities are being compromised.

To address this problem, National Treasury, working with the provincial treasuries, will evaluate all transfers made by district municipalities in their 2012/13 tabled budgets to local municipalities that are the de facto providers of basic services. Where a district is failing to transfer an equitable portion of its equitable share funds or is not spending conditional grants to address backlogs it will be instructed to alter its budget accordingly.

4.8 Benefits to mayors and councillors

Section 167 of the MFMA provides that any remuneration paid or given in cash or in kind to a person as a political office-bearer or as a member of a political structure of a municipality otherwise than provided for in the framework of the Public Office Bearers Act 20 of 1998 is regarded as an ***irregular expenditure*** *and the municipality must recover that remuneration from the political office bearer or member*. The section also provides that the municipality may not write-off any expenditures incurred in providing such remuneration, i.e. the irregular expenditure *must be* recovered from the political office bearer or member.

The remuneration referred to above includes

i. any bonus, bursary, loan or advance; and

ii. any other benefit such as:
    - the municipality giving or allocating laptops, notebooks, iPads or other gadgets to councillors and Mayors,
    - cell phone allowances in excess of the limits set in the Public Office Bearers Act;
    - the use of municipal workers' time for councillors' and Mayors' private or business interests;
    - the private use of official/municipal vehicles, and
    - the use of a mayoral residence without paying a *market related rental* to the municipality.

Municipalities are advised to ensure strict compliance with this provision.

4.9 Budget management issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars 48, 51, 54 and 55 with regards to the following issues:

1. *Mayor's discretionary funds and similar discretionary budget allocations* – National Treasury regards allocations that are not designated for a specific purpose to be bad practice and discourages them (refer to MFMA Circular 51).
2. *Unallocated ward allocations* – National Treasury does not regard this to be a good practice, because it means that the tabled budget does not reflect which ward projects are planned for purposes of public consultation and council approval (refer to MFMA Circular 51).
3. *New office buildings* – Municipalities are required to send detailed information to National Treasury if they are contemplating building new main office buildings (refer to MFMA Circular 51).
4. *Virement policies of municipalities* – Municipalities are reminded of the principles that must be incorporated into municipal virements policies (refer to MFMA Circular 51).
5. *Providing clean water and managing waste water* – Municipalities are reminded to include a section on 'Drinking water quality and waste water management' in their 2012/13 budget document supporting information (refer to MFMA Circular 54).
6. *Renewal and repairs and maintenance of existing assets* – Allocations to repairs and maintenance, and the renewal of existing infrastructure must be prioritised. Municipalities must provide detailed motivations in their budget documentation if allocations do not meet the benchmarks set out in MFMA Circular 55.
7. *Budgeting for an operating deficit* – Over the medium term, a municipality should budget for a moderate surplus on its Budgeted Statement of Financial Performance so as to be able to contribute to the funding of the Capital Budget. If the municipality's operating budget shows a deficit it is indicative that there are financial imbalances that need to be addressed (refer to MFMA Circular 55).
8. *Credit cards and debit cards linked to municipal bank accounts are not permitted* – On 02 August 2011 National Treasury issued a directive to all banks informing them that as from 01 September 2011 they are not allowed to issue credit cards or debit cards linked to municipal bank accounts (refer to MFMA Circular 55).
9. *Municipal financial management (IT) systems* – If a municipality is considering replacing or extending its financial management (IT) system, before it goes out to tender it must consult with the National Treasury in accordance with the process set out in MFMA Circular 57.

5 Conditional transfers to municipalities

As indicated above, National Treasury will issue a further Budget Circular for the 2012/13 financial year shortly after the tabling of the National Budget on 22 February 2012. This Circular will deal with any new conditional grant issues and processes related to the management of conditional grants.

At this stage in the budget process, municipalities are advised to use the indicative numbers for 2012/13 in the 2011 Division of Revenue Act to compile their budgets. This document is available on National Treasury's website at:

http://www.treasury.gov.za/legislation/acts/2011/Default.aspx

5.1 Conditional grant issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars 48, 51, 54 and 55 with regards to the following issues:

1. *Accounting treatment of conditional grants* – Municipalities are reminded that in accordance with accrual accounting principles, conditional grants should only be treated as 'transfers recognized' revenue when the grant revenue has been 'earned' by incurring expenditure in accordance with the conditions of the grant.
2. *VAT on conditional grants:* SARS has issued a specific guide to assist municipalities meeting their VAT obligations – ***VAT 419 Guide for Municipalities***. To assist municipalities accessing this guide it has been placed on the National Treasury website at: http://www.treasury.gov.za/legislation/mfma/guidelines/default.aspx.
3. *Interest received and reclaimed VAT in respect of conditional grants:* Municipalities are reminded that in MFMA Circular 48, National Treasury determined that:
   - Interest received on conditional grant funds must be treated as 'own revenue' and its use by the municipality is not subject to any special conditions; and
   - 'Reclaimed VAT' in respect of conditional grant expenditures must be treated as 'own revenue' and its use by the municipality is not subject to any special conditions (see paragraph 4.5 above, in this regard).
4. *Appropriation of conditional grants that are rolled over* – As soon as a municipality receives written approval from National Treasury that its unspent conditional grants have been rolled-over it may proceed to spend such funds (refer to MFMA Circular 51 for other arrangements in this regard).
5. *Pledging of conditional grant transfers* – the 2012 Division of Revenue Bill will contain a provision that allows municipalities to pledge their conditional grants. The end date for the pledges is extended to 2014/15. The process of application as set out in MFMA Circular 51 remains unchanged.
6. *Separate reporting for conditional grant roll-overs* – National Treasury has put in place a separate template for municipalities to report on the spending of conditional grant roll-overs. Municipalities are reminded that conditional grant funds can only be rolled-over once, so if they remain unspent in the year in which they were rolled-over they MUST revert to the National Revenue Fund.
7. *Payment schedule* – National Treasury has instituted an automated payment system of transfers to municipalities in order to ensure appropriate safety checks are put in place. Only the National Treasury approved and verified primary banking details would be used for effecting transfers.

6 The Municipal Budget and Reporting Regulations

National Treasury has released Version 2.4 of Schedule A1 (the Excel Formats). This version incorporates substantial changes (see Annexure A). Therefore ALL municipalities MUST use this version for the preparation of their 2012/13 Budget and MTREF to be tabled on 31 March 2012.

Download Version 2.4 of Schedule A1 by clicking HERE

The Municipal Budget and Reporting Regulations are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver services by facilitating improved financial sustainability and better medium term planning. The regulations, formats and associated guides etc. are available on National Treasury's website at:

http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx

6.1 All municipalities must prepare budgets in accordance with the regulations

Municipalities are reminded that the regulations apply to all municipalities and municipal entities as from 1 July 2009.

All municipalities and municipal entities must prepare annual budgets, adjustments budgets and in-year reports for the 2012/13 financial year in accordance with the Municipal Budget and Reporting Regulations. In this regard, municipalities must comply with both:

- The formats set out in Schedules A, B and C; and
- The relevant attachments to each of the Schedules (the Excel Formats).

If a municipality fails to prepare its budget, adjustments budget and in-year reports in accordance with the relevant formats, actions the National Treasury will take includes:

- The municipality will be required to resubmit their documentation in the regulated format by a date determined by the National Treasury;
- The municipality's non-compliance with the required formats will be reported to the Auditor-General; and
- A list of municipalities that fail to comply with the required formats will be tabled in Parliament and the provincial legislatures.

6.2 The Dummy Budget Guide

To assist municipalities with the preparation of their budget documents, National Treasury has issued a *Dummy Budget Guide*, consisting of the following four components:

1. The *MFMA Dummy Budget Guide*
2. The *Annual Budget of Batho Pele City* – the Annexure to the *Guide*
3. The Schedule A1 for Batho Pele City – the 'Excel' budget format schedule
4. The Schedule A1 Graphs and Figures Template.

The *Annual Budget of Batho Pele City* is intended to be a template that municipal officials can use as a basis and guide for producing their own municipality's budget documents. Therefore National Treasury fully intends that officials will copy the format and be guided by the explanations, the tables, graphs and figures in this document. The *Guide* and associated templates and documents can be downloaded from:

http://mfma.treasury.gov.za/Guidelines/Pages/default.aspx

Note that National Treasury will be re-issuing all the above Dummy Budget Guide materials in due course so that they align to the changes that have been introduced by Version 2.4 of the Schedule A1.

6.3 Assistance with the compilation of budgets

If you require advice with the compilation of your budgets, the budget documents or Schedule A1 please direct your enquiries as follows:

Municipalities in…	Responsible NT officials	Tel. No.	Email
Eastern Cape	Thulani Mandiriza Ansie Myburgh	012-315 6640 012-315 5173	Thulani.Mandiriza@treasury.gov.za Ansie.Myburgh@treasury.gov.za
Free State	Vincent Malepa Kgomotso Mokienie	012-315 5539 012-315 5866	Vincent.Malepa@treasury.gov.za Kgomotso.Mokienie@treasury.gov.za
Gauteng	Nozipho Molikoe Nonhlanhla Motaung	012-395 5662 012-315 6051	Nozipho.Molikoe@treasury.gov.za Nonhlanhla.Motaung@treasury.gov.za
KwaZulu-Natal	Kavitha Ruplal Johan Botha	012-315 5700 012-315 5171	Kavitha.Ruplal@treasury.gov.za Johan.Botha@treasury.gov.za
Limpopo	Bernard Mokgabodi Sifiso Mabaso	012-315 5936 012-315 5952	Bernard.Mokgabodi@treasury.gov.za Sifiso.Mabaso@treasury.gov.za
Mpumalanga	Jordan Maya Anthony Moseki	012-315 5663 012-315 5174	Jordan.Maya@treasury.gov.za Anthony.Moseki@treasury.gov.za
Northern Cape	Marli J van Rensburg Yusuf Mayet	012-315 5303 012-315 5111 request ext. 6054	Marli.jansenvanrensburg@treasury.gov.za Yusuf.Mayet@treasury.gov.za
North West	Willem Voigt Sadesh Ramjathan	012-315 5830 012-315 5101	Willem.Voigt@treasury.gov.za Sadesh.Ramjathan@treasury.gov.za
Western Cape	Vuyo Mbunge Kevin Bell	012-315 5661 012-315 5725	Vuyo.Mbunge@treasury.gov.za Kevin.Bell@treasury.gov.za
Technical issues with Excel formats	Ilze Baron Conrad Barberton	012-395 6742 012-315 5117	Ilze.Baron@treasury.gov.za Conrad.Barberton@treasury.gov.za

6.4 End to the phasing in of formats and tables

This will be the third year that all municipalities are required to prepare their annual budgets in accordance with the Municipal Budget and Reporting Regulations. National Treasury therefore expects all municipalities to provide a complete set of information in their annual budget tables, as well as the supporting tables (Schedule A1).

National Treasury, working with the provincial treasuries, will carry out a compliance check and where municipalities have not provided complete information, the budgets will be referred back to the municipalities, and an appropriate letter will be addressed to the Mayor and municipal manager. Municipal managers are reminded that the annual budget must be accompanied by a 'quality certificate' in accordance with the format set out in item 27 of Schedule A in the Municipal Budget and Reporting Regulations.

6.5 Consolidated budgets and reports for municipalities with entities

A municipality that has one or more municipal entities is required to produce:

- An annual budget, adjustment budgets and monthly financial statements for the parent municipality in the relevant formats; and

- A consolidated annual budget, adjustments budgets and monthly financial statements for the parent municipality and all its municipal entities in the relevant formats.

*Municipalities are reminded, that with effect from 1 July 2011, municipalities that have municipal entities must submit their **consolidated** annual budget, **consolidated** adjustment budgets and **consolidated** quarterly financial information to the National Treasury Local Government Database.*

In addition, the Schedule A1 that the municipality submits to National Treasury must be the consolidated budget for the municipality (plus entities) and not the budget of the parent municipality.

This is to ensure that there is consistency of reporting both across municipalities, but also in respect of the individual municipality with municipal entities.

6.6 Application of regulations to municipal entities

All municipal entities that provide normal municipal-type services (e.g. water, electricity, refuse removal, etc.) must comply with Chapter 3 of the Municipal Budget and Reporting Regulations.

Municipalities that have entities that must comply with Chapter 3 of the regulations must produce the **consolidated tables** prescribed in Schedule A of the regulations.

Municipalities that have entities that do not provide normal municipal services or where budgeted amounts are immaterial in relation to the parent municipality's budget and only comprise of funds transferred from the parent municipality may apply to National Treasury for an exemption in respect of those entities. Applications must be sent to Jan Hattingh (e-mail: jan.hattingh@treasury.gov.za) by 01 March 2012, and must include the following information:

(a) the name of the entity;
(b) a description of the ownership and governance arrangements of the entity;
(c) details of the functions and services the entity delivers;
(d) a copy of the entity's 2010/11 annual financial statements; and
(e) a copy of the entity's 2011/12 annual budget.

National Treasury will inform municipalities in writing on the outcome of these applications by 15 March 2012.

6.7 Municipal budgets and internal charges

This issue has been addressed extensively in MFMA Circulars 48 and 55. It has been noted that certain municipalities are still including internal charges on their budgets, monthly reports and submissions to the Local Government Database, thus overstating their revenues and expenditures.

To eliminate this bad practice, National Treasury will refer all 2012/13 budgets, monthly financial statements and Local Government Database returns that include internal charges back to municipalities for correction.

6.8 Distinguishing between cash and non-cash transfers and grants

A municipality can make cash 'transfers and grants' or non-cash 'transfers and grants' (often referred to as in-kind donations/grants) to organisations and individuals. To facilitate more accurate analysis of the municipality's cash flow and financial position detail has been introduced on Supporting Tables SA1 and SA21 to reflect the cash and non-cash transfers and grants separately.

Note that:

- The targeted provision of free basic services to indigent households must be treated as a non-cash transfer and grant;
- Both cash and non-cash transfers and grants must be taken through to the Budgeted Statement of Financial Position on Table A4; and
- Only the cash transfers and grants must be taken through to the Budgeted Cash Flow on Table A7.

6.9 The cost of free basic services versus the revenue cost of free services

On Table A10 municipalities are required to provide information on (i) the estimated *cost of free basic services* and (ii) the estimated *revenue cost of free services*. To ensure consistent reporting please note the following:

1. *The estimated cost of free basic services:*
   - Covers only the free basic services according to national policy, i.e. 6 kl water, 50 kWh electricity, free sewerage and free weekly refuse removal;
   - Must be the *actual cost to the municipality* and not the revenue cost to the municipality of providing these services;
   - Includes the actual cost to the municipality of providing the free basic services to all households (which would be reflected as 'revenue foregone' on SA1); and
   - Includes the actual cost to the municipality of providing free basic services to targeted households (which would be reflected as 'transfers and grants' on SA21).

2. *The estimated revenue cost of free services:*
   - Covers all rates rebates, exemptions and discounts given to households and other customer groups either in general or specifically;
   - Covers all free services or service discounts given to households and other customer groups in relation to services for which the municipality normally charges;
   - Must be *the revenue cost to the municipality* of providing these rebates, discounts and free services;
   - Includes the *revenue cost to the municipality* of providing the free basic services to households according to national policy; and
   - Must not include the cost of debt write-offs.

The purpose of this information is to enable the council and municipality to get an understanding of the impact that 'discounts' and 'free services' have on the municipality's revenues, and therefore tailor its 'social package' appropriately, taking into consideration the equitable share funds provided to subsidise the provision of free basic services. It also facilitates analysis of which customer groups benefit from a municipality's 'social package'

6.10 Completion of service delivery information on Table A10

Table A10 is becoming an increasingly important source of information on actual service delivery and service delivery backlogs. *A municipality that is the designated service authority for a particular service MUST report on the delivery status of that service to all households within its area, irrespective of whether the service is provided by a municipal entity, another municipality or an external mechanism.*

Where a district municipality is the designated service authority and a local municipality is the actual service provider, both the district and the local municipality must report on the delivery status of that service to all households within their respective areas. This will provide a useful cross-check, and enable National Treasury and the provincial treasuries to evaluate whether the district is passing on an equitable portion of the equitable share and conditional grants it receives.

To improve the accuracy of the information the following changes have been introduced by Version 2.4:

i. Table A10 now draws its information from Supporting Table SA9, where the information has to be entered according to service provider, namely:
    - Municipal in-house services
    - Municipal entity services
    - Services provided by 'external mechanism' – which includes municipalities that are providing services on behalf of another municipality in terms of a service level agreement.

ii. The 'total number of households' for each service must be the same as the total number of households in the municipality as reflected on Supporting Table A9. Four checks have been introduced on Table A10 to monitor this.

iii. Municipalities must enter the actual number of households – the rounding up to '000s has been removed.

National Treasury plans to prepare a special report on this service delivery information for Parliament in the second half of 2012. It is therefore important for each municipality to ensure its information is up-to-date and accurate.

6.11 MBRR issues dealt with in previous MFMA Circulars

Municipalities are reminded to refer to MFMA Circulars 48, 51, 54 and 55 with regards to the following issues:

1. *Budgeting for revenue and 'revenue foregone'* – The 'realistically anticipated revenues to be collected' that must be reflected on the Budgeted Statement of Financial Performance (Tables A2, A3 and A4) must exclude 'revenue foregone'. The definition of 'revenue foregone' and how it is distinguished from 'transfers and grants' is discussed in MFMA Circular 51.
2. *Preparing and amending budget related policies* – Information on all budget related policies and any amendments to such policies must be included in the municipality's annual budget document (refer to MFMA Circular 54).
3. *2012/13 MTREF Funding Compliance Assessment* – All municipalities are required to perform the funding compliance assessment outlined in *MFMA Funding Compliance Guideline* and to include the relevant information outlined in MFMA Circular 55 in their 2012/13 budgets (refer to MFMA Circular 55).

7 Budget process and submissions for the 2012/13 MTREF

Over the past number of years there have been significant improvements in municipal budget processes. Municipalities are encouraged to continue their efforts to improve their budget processes based on the guidance provided in MFMA Circulars 10, 19, 28 and 31 as well as the new regulations.

Once more, municipalities are reminded that the IDP review process and the budget process should be combined into a single process.

7.1 Submitting budget documentation and schedules for 2012/13

To facilitate oversight of compliance with Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(i) of the MFMA requires that ***immediately*** after an annual budget is tabled in a municipal council it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. The deadline for such submissions is Monday, 9 April 2012.
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted ***within ten working days*** after the council has approved the annual budget. So if the council only approves the annual budget on 30 June 2010, the final date for such a submission is Thursday, 13 July 2012, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and all the supporting tables (SA1 – SA37) in both printed and electronic format; and
- the draft service delivery and budget implementation plan in both printed and electronic format; and
- in the case of approved budgets, the council resolution.

Municipalities are required to send electronic versions to lgdocuments@treasury.gov.za.

If the budget documents are too large to be sent via email, arrangements for them to be downloaded from the municipality's website must be made with Elsabe Rossouw (email: Elsabe.Rossouw@treasury.gov.za).

Municipalities are required to send printed submissions of their budget documents and council resolution to:

For couriered documents

Ms Linda Kruger
National Treasury
40 Church Square
Pretoria, 0002

For posted documents

Ms Linda Kruger
National Treasury
Private Bag X115
Pretoria, 0001

After receiving tabled budgets, National Treasury will complete a compliance checklist. This checklist will indicate the level of compliance to the Municipal Budget and Reporting Regulations. A copy of the checklist will be sent to the municipality in order to facilitate

improvements in the quality of tabled and approved budgets. Please review the municipality's performance last year, and ensure that the gaps are addressed.

7.2 Budget reform returns to the Local Government Database for publication

For publication purposes, municipalities are still required to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database. *The old formats may not be used to submit 2012/13 budget information*. All municipalities must migrate to using the aligned version of the electronic returns. All returns are to be sent to lgdatabase@treasury.gov.za.

The new aligned electronic returns may be downloaded from National Treasury's website at the following link: http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx.

7.3 Publication of budgets on municipal websites

In terms of section 75 of the MFMA all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, http://mfma.treasury.gov.za/Pages/Default.aspx. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

Contact

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post ***Private Bag X115, Pretoria 0001***
Phone ***012 315 5009***
Fax ***012 395 6553***

Email – General ***mfma@treasury.gov.za***
Website ***www.treasury.gov.za/legislation/mfma***

JH Hattingh
Chief Director: Local Government Budget Analysis
14 December 2011

Annexure A – Changes to Schedule A1 – the 'Excel formats'

As noted above, National Treasury has released Version 2.4 of Schedule A1 (the Excel Formats). It incorporates the following changes:

No.	Sheet	Amendment	Reason
1	Org. structure	Sheet appearance has been aligned to that of the 'Instructions' and 'Start pages'. Vote and sub-vote structures have been linked to A3A and A5A, based on the selected votes and sub-votes on the 'Org structure' page.	Facilitate easier completion of sheets
2	A5A	Under the 'multi-year capital' section, the budget columns have been modified to simplify the completion of multi-year allocations	See paragraph 4.2 above
3	A8	Calculation of 'other working capital' has been modified.	Correction
4	SA1	Ten lines have been added to accommodate 'other revenue'	Correction
5	SA1	List of remuneration categories has been standardized (see also SA22)	To align with the draft SCOA
6	SA1	Detail on 'depreciation and asset impairment' has been extended to include 'depreciation resulting from revaluation of PPE'	See paragraph 4.3 above
7	SA1	Detail on 'transfers and grant' has been added to reflect cash and non-cash transfers on grants. This detail is linked to a similar change on SA21	See paragraph 6.8 above
8	SA3	The following Reserves have been deleted: (1) Capitalisation, (2) Government Grant and (3) Public contributions and donations.	Correction to align with GRAP
9	SA8	The following indicators have been deleted: (1) Borrowing to Asset ratio, (2) Debt to Equity ratio and (3) Provisions not Funded	They are not useful or misleading when it comes to analyzing municipal finances.
10	SA8	The following indicators have been added: (1) Capital Charges to Own Revenue and (2) Creditors to Cash and Investments.	These indicators are useful when it comes to analyzing municipal finances.
11	SA9	Income categories based on the Statistics SA Household Survey and Census 2011 have been inserted, as well as an indicative poverty line.	The aim is to align this information with Stats SA data, which should be the main source municipalities use for this information. The indicative poverty line is to start the process of ensuring indigents policies move from the same basis.
12	SA9	There is a new section providing detail to Table A10 on service delivery as follows: • Total Municipal Services, • Municipal In-House Services, • Municipal Entity Services; and • Services Provided by External Mechanisms.	See paragraph 6.10 above.
13	SA12&13	SA12&13 have been split into three separate sheets as follows: (1) SA12a - Property Rates by category for the current year. (2) SA12b - Property rates by category for the budget year. (3) SA13 - Service Tariffs by category	To facilitate the collection of consistent information on municipal rates and domestic tariffs.
14	SA14	References have been amended to provide quantitative indicators of the different household	To ensure the sample household bills are consistent across all municipalities.

No.	Sheet	Amendment	Reason
		profiles.	
15	SA16	Additional columns have been added.	To gather information required in terms of the Municipal Investment Regulations.
16	SA17	An additional section has been added below the original table to facilitate more detailed reporting on 'Unspent Borrowing', as reported on A8 (linked)	To gather information related to the rollover and offsetting on unspent conditional grant funds.
17	SA21	Cash and non-cash transfers have been separated on SA21, and linked to SA1	See paragraph 6.8 above
18	SA22	List of remuneration categories has been standardized (see also SA1)	To align with the draft SCOA
19	SA30	Line items have been aligned to terminology used in A6 and A7	Correction
20	SA34b and SA34c	Ratios shown on A9 and MFMA Circular 55 added to SA34b and c, as appropriate.	To facilitate analysis of budgeting for renewal and repairs and maintenance
21	SA34d	SA34d, Depreciation by Asset Class has been inserted.	To facilitate detailed analysis of budgeting for renewal and repairs and maintenance by asset class over a period of time.
22	SA36	An additional column has been added.	To monitor compliance with MFMA section 19(1)(b) and MBRR Regulation 13, concerning the appropriation of funds to new individual projects during the financial year.
23	SA36 & SA37	(1) An additional column has been added where municipalities will be required to enter GPS co-ordinates (correct to seconds) for all listed projects. (2) Drop-down boxes have been added to facilitate the completion of Asset classes and sub-classes	Facilitate monitoring and tracking

Knysna Municipality

DRAFT Medium Term Revenue & Expenditure Framework (MTREF)

Annexure 5

MFMA Budget Circular No. 59 for the 2012/2013 MTREF

ANNEXURE 5

NATIONAL TREASURY

MFMA Circular No. 59
Municipal Finance Management Act No. 56 of 2003

Municipal Budget Circular for the 2012/13 MTREF

This circular provides further guidance to municipalities and municipal entities for the preparation of their 2012/13 Budgets and Medium Term Revenue and Expenditure Framework (MTREF). It must be read together with MFMA Circulars No. 48, 51, 54, 55 and 58.

CONTENTS

1 KEY FOCUS AREAS FOR THE 2012/13 BUDGET PROCESS 2
1.1 ADDITIONAL ALLOCATIONS TO LOCAL GOVERNMENT 2

2 HEADLINE INFLATION FORECASTS 3

3 REVISING RATES, TARIFFS AND OTHER CHARGES 3
3.1 ESKOM BULK TARIFF INCREASES 3
3.1 PROCESS FOR NERSA APPROVAL OF MUNICIPAL ELECTRICITY TARIFFS 3

4 FUNDING CHOICES AND MANAGEMENT ISSUES 4
4.1 RE-EXAMINE THE OPERATING BUDGET SO AS TO FUND INFRASTRUCTURE 4
4.2 THE RATIO OF PERSONNEL EXPENDITURE TO OPERATING EXPENDITURE 4
4.3 EQUITABLE SHARE WARD ALLOCATIONS 5

5 CONDITIONAL TRANSFERS TO MUNICIPALITIES 6
5.1 TIMING OF MUNICIPAL CONDITIONAL GRANT TRANSFERS 7
5.2 PAYMENT SCHEDULE FOR TRANSFERS 8
5.3 RESPONSIBILITIES OF TRANSFERRING AND RECEIVING AUTHORITIES 8
5.4 UNSPENT CONDITIONAL GRANT FUNDS FOR 2011/12 8
5.5 CRITERIA FOR THE ROLLOVER OF CONDITIONAL GRANT FUNDS 10
5.6 REPORTING AND ACCOUNTING FOR MUNICIPAL APPROVED CONDITIONAL GRANT ROLL-OVERS 11
5.7 PROJECT MANAGEMENT COSTS AND MIG 11
5.8 BUDGETING FOR THE EPWP GRANT 11
5.9 MUNICIPAL DISASTER GRANT 11
5.10 BUDGETING FOR SCHEDULE 7 GRANTS – ALLOCATIONS IN-KIND 12

6 THE MUNICIPAL BUDGET AND REPORTING REGULATIONS 12
6.1 ASSISTANCE WITH THE COMPILATION OF BUDGETS 12
6.2 BUDGET COMPLIANCE AND BENCHMARKING PROCESSES 13
6.3 CERTIFICATION THAT BUDGET IS CORRECTLY CAPTURED 13

7 BUDGET PROCESS AND SUBMISSIONS FOR THE 2012/13 MTREF 14
7.1 SUBMITTING BUDGET DOCUMENTATION AND SCHEDULES FOR 2012/13 14
7.2 BUDGET REFORM RETURNS TO THE LOCAL GOVERNMENT DATABASE FOR PUBLICATION 15
7.3 PUBLICATION OF BUDGETS ON MUNICIPAL WEBSITES 15
7.4 PUBLICATION OF MUNICIPAL BUDGETS ON NATIONAL TREASURIES WEBSITE 15

ANNEXURE A – CHANGES TO SCHEDULE A1 – THE 'EXCEL FORMATS' 17

1 Key focus areas for the 2012/13 budget process

The *Budget Review 2012* notes that the South African economy has demonstrated resilience despite unsettled international economic conditions. Global developments are likely to hold back higher growth over the short term, resulting in gross domestic product (GDP) growth being expected to slow from 3.1 per cent in 2011 to 2.7 per cent in 2012. However, the domestic outlook remains positive over the medium term. As the world economy strengthens, GDP growth will accelerate to 3.6 per cent in 2013 and 4.2 per cent in 2014, led by robust household consumption, and stronger public- and private-sector investment.

Government is focussing on capital investment in large-scale public-sector infrastructure projects and reducing the cost of doing business through targeted interventions. This will entail shifting the composition of spending from consumption towards capital investment. Moderating growth in the public-sector wage bill, and stabilising the growth in interest payments, will allow more funds to be spent on infrastructure and social spending.

The labour market has shown signs of improvement over the past year, with total employment rising by 520 000 new jobs or 2.8 per cent between December 2010 and December 2011. Job creation has been in the formal private sector. The economy is projected to add 850 000 new jobs over the next three years, with 80 per cent of these in the private sector, lowering the unemployment rate to about 23 per cent in 2014. Most of these jobs are likely to be concentrated in services and construction as a result of steady growth in domestic demand and infrastructure expenditure, and a pickup in residential investment expected during the outer years of the forecast.

Consequently, municipal revenues and cash flows are expected to gradually improve during 2012/13. However, given that the likely recovery is not guaranteed and, at best, is likely to be slow, ***municipalities must still adopt a conservative approach when projecting their expected revenues and cash receipts***. Municipalities should also pay particular attention to managing all revenue and cash streams effectively, and carefully evaluate all spending decisions.

1.1 Additional allocations to local government

The *Budget Review 2012* and the *2012 Division of Revenue Bill* indicates that over the 2012 MTEF, transfers to local government grow by R5.3 billion, of which R2.2 billion is added to the local government equitable share and R3.1 billion to local government conditional grants. Additions to the equitable share provide for increased support for the institutional costs of poor municipalities and for the anticipated increase in the costs of basic services in the second and third years of the MTEF period.

This means the baseline allocations to local government for 2012/13 are R37.9 billion to the local government equitable share, and R30.4 billion for conditional grants. Municipalities MUST ensure that their tabled budgets reflect the equitable share and conditional grant allocations set out in the 2012 Division of Revenue Bill.

This document is available on National Treasury's website at:

http://www.treasury.gov.za/documents/national%20budget/2012/default.aspx

In addition, National Treasury will send out 'allocation letters' informing each municipality of its equitable share, national conditional grant and provincial transfers (as reflected in the relevant provincial budget/gazette).

2 Headline inflation forecasts

Municipalities must take the following inflation forecasts into consideration when preparing their 2012/13 budgets and MTREF.

Fiscal year	2010/11	2011/12	2012/13	2013/14	2014/15
	Actual	Estimate	Forecast		
Headline CPI Inflation	3.8%	5.7%	5.9%	5.3%	4.9%

Source: Budget Review 2012

Note that the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

The period of the *Salary and Wage Collective Agreement 2009/10 to 2011/2012* has come to an end. In the absence of other information from the South African Local Government Bargaining Council, municipalities are advised to budget for a 5 per cent cost-of-living increase adjustment, to be implemented with effect from July 2012 (in-line with the increase proposed in the 2012 MTBPS).

3 Revising rates, tariffs and other charges

In addition to the issues dealt with in MFMA Budget Circular 58, municipalities are advised to take note of the following:

3.1 Eskom bulk tariff increases

The Eskom price of bulk electricity supplied to municipalities will increase by 13.5 per cent on 1 July 2012. Based on this price increase, and increases in the price of other inputs NERSA has set a guideline increase for municipal tariffs of 11.03 per cent. The relevant guideline, as well as NERSA's Reasons for Decision document can be accessed at: www.nersa.org.za.

National Treasury was consulted on the methodology used by NERSA to calculate the guideline municipal tariff increase.

Where a municipality's evaluation of its cost structure results in a lower or higher tariff increase to that proposed by NERSA, the municipality must structure its tariffs accordingly and ensure it provides the necessary motivation and information in its tariff application to NERSA.

Each municipality must structure its IBT tariff according to its own specific circumstances and ensure that it provides the necessary motivation and information to NERSA in its tariff application. In this regard, municipalities need to pay careful attention to determining an appropriate level of cross-subsidisation between the different IBT blocks given the profile of its customer base, and also have regard to affordability and the price elasticity of the demand for electricity.

3.1 Process for NERSA approval of municipal electricity tariffs

NERSA's 09 March 2012 decision to reduce the increase in the Eskom price of bulk electricity supplied to municipalities has a direct impact on NERSA's ability to comply with section 43(3) of the MFMA, and approve municipal tariffs for the 2012/13 financial before 15 March 2012.

In terms of section 43(3) of the MFMA, the Minister of Finance may, on good grounds, approve that tariffs determined by NERSA after 15 March 2012 which have to be implemented by municipalities from 1 July 2012.

National Treasury is currently in discussions with NERSA on how to manage the process of approving municipal tariff applications for 2012/13 in way that does not disrupt the finalisation of municipal budgets. Further information in this regard will be emailed to municipalities once there is agreement.

In the meantime municipalities are asked to submit their tariff applications and D-forms to NERSA as soon as possible.

4 Funding choices and management issues

4.1 Re-examine the operating budget so as to fund infrastructure

As noted above, the government is focussing on capital investment in order to foster economic growth and reduce the cost of doing business in the country. It is expected that municipalities will adopt a similar stance when preparing their budgets for 2012/13. To do this, municipalities need to focus on controlling expenditure on their operating budget (Budgeted Financial Performance) so as to generate surpluses (own revenues) which are cash backed to strengthen the funding of the capital budget.

When it comes to funding the capital budget (see Table A5) many municipalities are completely or largely reliant on national and provincial conditional grants. In other words, they contribute nothing or very little from their own revenues to the funding of infrastructure within the municipality. To change this, all municipalities need to explore ways in which their own revenue contribution to funding their capital budget can be increased. This means carefully examining ways to increase revenues and improving revenue collection, and evaluating the appropriateness and priority of ALL current expenditure and eliminating all non-priority spending (see item 4.1 of MFMA Budget Circular 58).

In addition to funding the capital budget, municipalities also need to pay ongoing attention to the issue of renewal of existing assets and repairs and maintenance. Refer to MFMA Circular 55 as regards benchmarks for spending on renewal of existing assets and repairs and maintenance, as well as disclosure requirements in the budget document. The overall challenge is to change the composition of municipal spending away from consumption items (mainly personnel) to areas of expenditure that support economic growth and service delivery more directly.

4.2 The ratio of personnel expenditure to operating expenditure

Is there a prescribed or recommended benchmark for the ratio of personnel expenditure to operating expenditure? The short answer is: no.

The ratio of personnel expenditure to operating expenditure is widely used as an indicator of the sustainability of municipal budgets and expenditures. This raises important questions of exactly how the ratio should be interpreted and whether National Treasury *should* set a benchmark for purposes of assessing the sustainability of municipal finances.

First, on the issue of interpreting the ratio, one needs to be aware of the factors that can influence it. These include:

- the nature of the functions allocated to the municipality and types and extent of services it delivers;
- the municipality's organisational structure, particularly the ratio of management to technical and unskilled employees;
- the labour intensity of the municipality's operations versus the extent of mechanization;
- the extent to which the municipality has outsourced the more labour intensive components of its operations; and
- the composition of the non-personnel components of operating expenditure, particularly trends in expenditure on maintenance and payments for bulk water and electricity services.

Second, on the issue of setting a benchmark, it is clear that the interpretation of the ratio is specific to the context of each municipality. *It would therefore be inappropriate for National Treasury to set a specific benchmark, consequently there is NO benchmark.*

Nevertheless, should the ratio for a municipality be significantly above or below the average ratio for its peers (municipalities of similar size and functional responsibility) or if the ratio for a municipality move upward or downward, it should be treated as a warning signal and should trigger an enquiry into the factors that are driving the ratio in a particular direction. It is after all these underlying factors that may be threatening the financial sustainability of the municipality and not the ratio itself.

Currently, among municipalities with the electricity function, this ratio is tending to move downward despite fairly large increases in personnel spending. This is because spending on bulk electricity purchases is increasing at a very fast rate, driving the relative share of all other expenditure categories down. In such instances the ratio tells one very little about the appropriateness of a municipality's level of expenditure on personnel relative to the overall operating budget.

4.3 Equitable share ward allocations

Funds have been added to the Special Support for Councillor Remuneration and Ward Committees that is transferred together with the local government equitable share in schedule three. These additions increase the level of the subsidy contributed by national government towards the cost of remunerating councillors and provides funding for the payment of stipends to ward committee members. These allocations are only made to municipalities in grades 1-3 municipalities (the lowest three of the six municipal grades) in terms of the grading system prescribed in the annual *Gazette on the determination of upper limits of salaries, allowances and benefits of different members of Municipal Councils*. Details of the allocation per municipality are provided in Appendix W1, from page 256 of the Division of Revenue Bill.

Note that as these funds are transferred as part of the equitable share which is an unconditional transfer, no conditions may be prescribed for how they are used. The municipality therefore has discretion over the use of these funds to fund their councilor remuneration and ward committee structures in terms of their own policy (within the gazetted upper limits) or may even choose to use them in other areas of the budget, according to local priorities.

4.4 Grants and VAT transactions

When municipalities are assessing the VAT consequences of transactions involving the equitable share grant and conditional grants they must distinguish between:

1. *Transaction one - the transfer of the grants from national government or provincial government to the municipality*. The VAT on these transactions is zero-rated, and

therefore the issue of paying and reclaiming VAT related to these transactions does not arise.

2. *Transaction two – the expenditure of the grant funds by the municipality*. These transactions are subject to the normal VAT provisions. Depending on the nature of goods and services purchased the municipality may or may not be required to pay input VAT. It is this reclaimed input VAT that MFMA Budget Circulars 48 and 58 indicate becomes part of the municipality's cash.

Note that generally agency payments from national government and provincial government to local government are unlikely to be regarded as *grants* for VAT purposes. The municipality is performing a service for the relevant national or provincial department in terms of the agency agreement and so agency payments from the relevant national/provincial department to the municipality are subject to the normal VAT provisions.

Please refer to the **VAT 419 Guideline for Municipalities** which is available at:
http://mfma.treasury.gov.za/Guidelines/Pages/default.aspx

5 Conditional transfers to municipalities

Section 216 of the Constitution provides for national government to transfer resources to municipalities in terms of the annual Division of Revenue Act (DoRA) to assist them in exercising their powers and performing their functions. These allocations are announced annually in the national budget. Transfers to municipalities from national government are supplemented with transfers from provincial government. Further, transfers are also made between district municipalities and local municipalities.

The DoRA provides for funds to be allocated in different 'schedules'. Each of the schedules provide for grants of a particular type as follows:

Schedule 1 – sets out the equitable division of anticipated revenue raised nationally among the national, provincial and local spheres of government (the so called vertical division);

Schedule 2 – sets out each province's equitable share of the provincial government sphere's share of revenue raised nationally (the so called horizontal division among provinces);

Schedule 3 – sets out each municipality's equitable share of the local government sphere's share of revenue raised nationally (the so called horizontal division among municipalities);

Schedule 4 – supplementary funding allocations to provinces from national government's share of revenue;

Schedule 5 – specific purpose allocations to provinces from national government's share of revenue;

Schedule 6 – specific purpose allocations to municipalities from national government's share of revenue;

Schedule 7 – allocations in-kind to provinces and municipalities for designated special programmes; and

Schedule 8 – provision to specifically cater for immediate release of funds to provinces and municipalities for disaster response.

It is important that the transfers applicable to municipalities are made transparently, and properly captured in municipalities' budgets. In this regard, regulation 10 of the *Municipal Budget and Reporting Regulations* provides guidance on when municipalities should reflect a transfer or donation on their budgets. Note that promises of funds that do not meet the requirements set out in regulation 10 must not be included in the municipality's budget.

Municipalities are advised not to accept transfers from national or provincial departments that are not reflected in the 2012 Division of Revenue Bill or the relevant provincial budget, or that are not related to a properly approved agency agreement. Such ad hoc transfers are very often unauthorised expenditure at the national and provincial level, and are invariably related to fiscal dumping.

Also note that grants-in-kind (e.g. capital assets transferred by a district to a local municipality) need to be budgeted for as a 'transfer or grant' on Table A4 by the district municipality (and not on their Table A5 Capital Budget – since the expenditure does not get capitalised), and as a 'contributed asset' on Table A4 by the local municipality, and from there directly on Table A6 Budget Financial Position.

In support of regulation 10 of the *Municipal Budget and Reporting Regulations*, the 2012 Division of Revenue Bill provides that –

1. In terms of section 14, National Treasury is required to publish in the *Government Gazette* the allocations and indicative allocations for all national grants to municipalities;
2. In terms of section 29, each provincial treasury is required to publish in the *Government Gazette* the allocations and indicative allocations per municipality for every allocation to be made by the province to municipalities from the province's own funds; and
3. In terms of section 28, each category C municipality must indicate in its budget all allocations from its equitable share and conditional allocations to be transferred to each category B municipality within the category C municipality's area of jurisdiction.

The Government Gazette reflecting the allocations and indicative allocations for all national grants to municipalities is available at:

http://www.treasury.gov.za/legislation/bills/2012/Default.aspx

In addition, National Treasury publishes a payment schedule that sets out exactly when the equitable share and national conditional grant funds are to be transferred to municipalities. This is available at:

http://www.treasury.gov.za/legislation/mfma/media_releases/Municipal%20Payment%20Schedule/

The payment schedules that provincial treasuries are required to submit to National Treasury in terms of section 29(5) of the 2012 Division of Revenue Bill will be published on National Treasury's website, along with the national payment schedule.

5.1 Timing of municipal conditional grant transfers

In order to facilitate synchronisation of the national / provincial financial year (01 April to 31 March) with the municipal financial year (01 July to 30 June), the 2012 Division of Revenue Bill requires that all equitable share and Schedule 4 and 6 conditional allocations to municipalities must be transferred to municipalities within the period 01 July 2012 to 31 March 2013. Municipalities must not accept any equitable share, Schedule 4 and Schedule 6 transfers from national or provincial departments outside of these timeframes.

National and provincial departments are also advised to only transfer other grant funds and to only make agency payments to municipalities within the period 01 July 2012 to 31 March

2013. This is to ensure the municipality is able to include such funds on its budget for 2012/13 and to ensure that reporting on the use of the funds is properly aligned across the national/provincial and municipal financial years.

5.2 Payment schedule for transfers

National Treasury has instituted an automated payment system for transfers to municipalities during the 2010 financial year in order to ensure appropriate safety checks are put in place.

Section 22 of the 2012 Division of Revenue Bill requires transfers to municipalities to be made as per the approved payment schedule published by National Treasury. Through this system, any transfers not in line with the payment schedule will be rejected. In addition if the payment details of the municipality are not up-to-date the transfers will also be rejected.

5.3 Responsibilities of transferring and receiving authorities

The legal obligations placed on transferring and receiving officers in terms of the 2012 Division of Revenue Bill are very similar to previous requirements. National Treasury intends ensuring strict compliance in order to improve spending levels, and the quality of information relating to the management of conditional grants.

Municipalities are again reminded that compliance with the annual Division of Revenue Act is the responsibility of the municipal manager as the "receiving officer". The municipal manager is responsible for, among other things, the tabling of monthly reports in council on whether or not the municipality is complying with the Division of Revenue Act. He/she is also responsible for reporting on any delays in the transfer or the withholding of funds. Failure on the part of a municipal manager to comply with the Act will have financial implications for the municipality as it will lead to the municipality losing revenue when funds are stopped and /or reallocated.

Where the municipality is unable to comply, or requires an extension, the municipal manager must apply to the National Treasury and provide comprehensive motivation for the non-compliance.

5.4 Unspent conditional grant funds for 2011/12

To bring legal certainty to the process of managing unspent conditional grant funds, the 2012 Division of Revenue Bill contains the following provisions:

> **Unspent conditional allocations**
> 21. (1) Despite the provisions of the Public Finance Management Act or the Municipal Finance Management Act relating to roll-overs, any conditional allocation that is, in the case of a province, not spent at the end of a financial year or, in the case of a municipality, at the end of a municipal financial year, reverts to the National Revenue Fund, unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects.
>
> (2) The National Treasury, and a provincial treasury in the case of a provincially funded allocation, may, at the request of a transferring national officer, provincial treasury or municipality, approve—
> (a) a roll-over from a conditional allocation to the next financial year; and
> (b) spending of a portion of a conditional allocation on activities related to the purpose of that allocation, where the province or municipality projects significant unforeseeable and unavoidable over-spending on its budget.
>
> (3) (a) Any funds which must revert to the National Revenue Fund in terms of subsection (1), and which have not been approved by the National Treasury

to be retained in terms of subsection (2), must be repaid to the National Revenue Fund.

(b) A receiving officer must ensure that all funds referred to in paragraph (a) are repaid to the National Revenue Fund.

(4) The National Treasury, in accordance with subsection (5), may offset any funds which must be repaid to the National Revenue Fund in terms of subsections (1) and (3), but which have not been repaid—

(a) in the case of a province, against future advances for conditional allocations to that province; and

(b) in the case of a municipality, against future advances for the equitable share or conditional allocations to that municipality.

(5) Prior to the National Treasury offsetting any amounts against allocations to a province or municipality in terms of subsection (4), the National Treasury must give the relevant transferring national officer, province or municipality—

(a) written notice of the intention to offset amounts against upcoming advances for allocations; and

(b) an opportunity, within 14 days of receipt of the notice referred to in paragraph (a), to—

(i) submit written representations and other documentary proof that the unspent allocation was either spent in accordance with the relevant framework, or is committed to identifiable projects;

(ii) propose alternative means acceptable to the National Treasury by which the unspent allocations can be repaid to the National Revenue Fund; and

(iii) propose an alternative payment schedule in terms of which the unspent allocations will be repaid to the National Revenue Fund.

(6) A notice contemplated in subsection (5) must include the intended amount to be offset against allocations, and the reasons for offsetting the amounts.

(7) The retention of funds which should revert to the National Revenue Fund in terms of subsections (1) and (3), and which have not been approved by the National Treasury to be retained in terms of subsection (2), constitutes financial misconduct by the receiving officer in terms of section 34.

The process to ensure the return of unspent conditional grants for the 2011/12 financial year will be managed in accordance with section 21 set out above. The following practical arrangements will apply –

Step 1: Municipalities must submit their June 2012 conditional grant expenditure reports according to section 71 of MFMA reflecting all accrued expenditure on conditional grants.

Step 2: When preparing their annual financial statements a municipality must determine what portion of each national conditional allocation it received remained unspent as at 30 June 2012. These amounts MUST exclude all interest earned on conditional grants and all VAT related to conditional grant spending that has been *reclaimed from SARS*, which must be disclosed separately.

Step 3: If the receiving officer wants to motivate in terms of section 20(5)(b) that the funds have been spent or are committed to identifiable projects or wants to propose an alternative payment method or schedule the required information must be submitted to National Treasury by 31 August 2012. ***National Treasury will not consider any rollover requests that are incomplete (see item 5.6 below) or that are received after this deadline.***

Step 4: National Treasury will confirm in writing whether or not the municipality may retain as a rollover any of the unspent funds because they are committed to identifiable projects

or whether it has agreed to any alternative payment methods or schedules by 01 October 2012.

Step 5: A municipality must return the remaining unspent conditional grant funds that are not subject of a specific repayment agreement with National Treasury to the National Revenue Fund by 19 October 2012. Failure to return these unspent funds by this date will constitute financial misconduct in terms of section 21(7) of the Division of Revenue Act.

Step 6: Any unspent conditional grant funds that should have been repaid to the National Revenue Fund by 19 October 2012 will be offset against the municipality's November equitable share allocation.

All the calculations of the amounts to be surrendered to the National Revenue Fund will be audited by the Auditor-General.

5.5 Criteria for the rollover of conditional grant funds

Municipalities may not rollover unspent conditional grant spending in terms of section 28(2)(e) of the MFMA (read together with regulation 23(5) of the Municipal Budget and Reporting Regulations) because they are national/provincial funds. The applicable rollover process is then effected through the national/provincial adjustments budget in November each year. In this regard refer to MFMA Budget Circular 51 for more information.

Section 21 of the 2012 Division of Revenue Act requires that any conditional grants which are not spent at the end of the municipal financial year must revert to the National Revenue Fund, unless the receiving officer proves to the satisfaction of National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.

When applying to retain unspent conditional allocations committed to identifiable projects or requesting a rollover in terms of section 21(2) of the Division of Revenue Act, municipalities must supply National Treasury with the following information –

1. A formal letter addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of section 20(2) of the 2011 of DoRA;
2. List of all the projects that are linked to the unspent conditional grants;
3. Evidence that work on each of the projects has commenced, namely either of the following:
    a. Proof that the project tender was published and the period for tender submissions closed before 30 June; or
    b. Proof that a contract for delivery of the project was signed before 30 June.
4. A progress report on the state of implementation of each of the projects;
5. The amount of funds committed to each project, and the conditional allocation from which the funds come from; and
6. An indication of the time-period within which the funds are to be spent.

If any of the above information is not provided or the application is received by National Treasury after 31 August 2012, the application will be declined.

In addition, National Treasury will also take into account the following information when assessing rollover applications, and reserves the right to decline an application if there is non-performance by the municipality in any of these areas:

1. Compliance with the in-year reporting requirements in sections 71 and 72 of the MFMA and section 12 of the 2012 DoRA, including the municipal manager and chief financial officer signing-off on the information sent to National Treasury;
2. Submission of the pre-audit Annual Financial Statements information to National Treasury; and
3. Accurate disclosure of grant performance in the pre-audit Annual Financial Statements.

When approving any rollover requests, National Treasury will use the latest conditional grant expenditure information available at the time, which in this instance is likely to be the disclosure of grant performance in the pre-audit Annual Financial Statements as at 31 August 2012.

5.6 Reporting and accounting for municipal approved conditional grant roll-overs

A municipality must report separately on the spending of conditional grant funds that are rolled over. National Treasury has provided a separate reporting template to facilitate this. This template must be submitted together with the normal template for reporting conditional grant spending for the current year. The template is available at the following link:

http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx

5.7 Project management costs and MIG

The Municipal Infrastructure Grant (MIG) framework in the 2012 Division of Revenue Bill provides that a maximum of five per cent may be used for project management costs that are directly related to infrastructure projects. Municipalities can therefore reflect a maximum of five per cent of the MIG allocation on their Budget Financial Performance (operational budget). This will be reflected on Table SA18 under Operating Transfer and Grants, and against 'Transfers recognised – operational' on Table A4. However, the expenditures to be funded from this five per cent must be directly related to the planning and management of infrastructure projects and be of such a nature that they would not normally be capitalised.

A minimum of 95 per cent of the MIG allocation ***must*** be appropriated on the municipality's capital budget (Table A5).

5.8 Budgeting for the EPWP Grant

The EPWP Grant has been reconfigured in the 2012/13 financial year to now be a schedule 6 grant. Municipalities are required to reflect the EPWP allocation in their budget because the gazetted amounts of the programme will flow directly to municipalities. The municipality should therefore budget for the grant in the same way as it budgets for all other conditional grants.

5.9 Municipal Disaster Grant

Section 8 of the 2012 Division of Revenue Bill provides for a schedule 8 type of grant. The purpose of this grant is to enable government to respond immediately to any disasters. The allocation for this grant will be managed by the National Disaster Management Centre in the Department of Co-operative Governance. After a disaster is declared funds can now be transferred to municipalities without the need to *Gazette* the transfers beforehand.

5.10 Budgeting for Schedule 7 grants – allocations in-kind

Schedule 7 of the Division of Revenue Act sets out the national allocations-in-kind to municipalities for designated special programmes. The national departments managing these programmes can do so in three different ways:

1. The national department may choose to transfer some of the funds to the municipality to spend on designated projects. This must be done in terms of an agency agreement. If the designated project involves current/operating expenditure then the funds must be reflected on Table A4 under 'agency services'. If the designated project involves the building of municipal infrastructure then the funds must be reflected on Table A4 as 'contributions recognised - capital', and on Table A5 as 'public contributions and grants'. The spending is reflected on the municipality's capital budget and the assets created would be capitalised as normal.
2. The national department spend the funds within the municipality's area, but ownership of the assets does not get transferred to the municipality. For instance the INEP funds could be transferred to Eskom, and Eskom retains ownership of the assets. And the assets created with the regional bulk infrastructure grant could be transferred to a water board.
3. The national department can spend the funds on infrastructure projects which they manage directly. They can then enter into an agreement the municipality to transfer the assets to the municipality. The receipt of the assets is reflected on Table A4 'contributed assets', and is capitalised directly (not via the municipality's capital budget). The recognition of 'contributed assets' is especially useful in understanding the future maintenance obligations a municipality is accepting.

Each municipality that is a beneficiary of a Schedule 7 allocation-in-kind should contact the relevant national transferring officer in the responsible nation department to find out from them how they intend managing the use of these allocations, and whether they intend the municipality to take ownership of the resultant assets, and therefore have to budget for the related operational costs.

6 The Municipal Budget and Reporting Regulations

National Treasury has released Version 2.4 of Schedule A1 (the Excel Formats). This version incorporates substantial changes (see Annexure A). Therefore ALL municipalities MUST use this version for the preparation of their 2012/13 Budget and MTREF to be tabled on 31 March 2012.

Download Version 2.4 of Schedule A1 by clicking HERE

The Municipal Budget and Reporting Regulations are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver services by facilitating improved financial sustainability and better medium term planning. The regulations, formats and associated guides etc. are available on National Treasury's website at:

http://mfma.treasury.gov.za/RegulationsandGazettes/Pages/default.aspx

6.1 Assistance with the compilation of budgets

If you require advice with the compilation of your budgets, the budget documents or Schedule A1 please direct your enquiries as follows:

Municipalities in…	Responsible NT officials	Tel. No.	Email
Eastern Cape	Thulani Mandiriza Ansie Myburgh	012-395 6640 012-315 5173	Thulani.Mandiriza@treasury.gov.za Ansie.Myburgh@treasury.gov.za
Free State	Vincent Malepa Kgomotso Mokienie	012-315 5539 012-315 5866	Vincent.Malepa@treasury.gov.za Kgomotso.Mokienie@treasury.gov.za
Gauteng	Nozipho Molikoe Nonhlanhla Motaung	012-395 5662 012-315 6051	Nozipho.Molikoe@treasury.gov.za Nonhlanhla.Motaung@treasury.gov.za
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Limpopo	Bernard Mokgabodi Sifiso Mabaso	012-315 5936 012-315 5952	Bernard.Mokgabodi@treasury.gov.za Sifiso.Mabaso@treasury.gov.za
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Technical issues with Excel formats	Ilze Baron Conrad Barberton	012-395 6742 012-315 5117	Ilze.Baron@treasury.gov.za Conrad.Barberton@treasury.gov.za

6.2 Budget compliance and benchmarking processes

National Treasury and the provincial treasuries will again assess all the municipalities' tabled budgets against the Compliance Checklist. Where there is substantial non-compliance municipalities will be required to re-table their budgets in council, otherwise municipalities will be expected to make the necessary improvements prior to tabling the budget for approval by 1 June 2012.

In addition, the National Treasury and provincial treasuries will be conducting benchmark budget hearings on the municipalities' tabled budgets during April and early May 2012 to assess whether the budgets are realistic, sustainable and relevant, and the extent to which they are funded in accordance with the requirements of the MFMA. In this regard, National Treasury will communicate further with the non-delegated municipalities, while the provincial treasuries will communicate with their respective delegated municipalities.

6.3 Certification that budget is correctly captured

Once the municipal council has adopted the municipal budget in the format of Schedule A the relevant portions of the budgets reflected in Tables A1 to A10 need to be captured on the municipality's financial system so that the municipality can manage its revenue and expenditure against the adopted budget. It has come to National Treasury's attention that many municipalities do not capture their adopted budgets on their financial system, and even those that do, do not 'lock' the adopted budget – meaning that the budget reflected on the system can be changed at any time without following due process.

To eliminate this bad practice, National Treasury hereby requests the accounting officer of each municipality in terms of the section 74 of the MFMA to provide a signed certificate by no later than 15 July 2012 certifying that:

1. The adopted annual budget has been captured on the municipality's financial system, and that there is 100 per cent agreement between the budget on the system and the budget adopted by council;
2. That the adopted annual budget on the municipality's financial system is locked; and
3. That the municipality has in place controls to ensure that the budget captured on the financial system can only be changed in accordance with:
    a. a virement authorised by the municipal manager, or duly delegate official, in terms of a council approved virements policy; and
    b. an Adjustments Budget approved by council.

A template of the certificate is available on National Treasury' website at:
http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx

7 Budget process and submissions for the 2012/13 MTREF

Over the past number of years there have been significant improvements in municipal budget processes. Municipalities are encouraged to continue their efforts to improve their budget processes based on the guidance provided in MFMA Circulars 10, 19, 28 and 31 as well as the new regulations.

Once more, municipalities are reminded that the IDP review process and the budget process should be combined into a single process.

7.1 Submitting budget documentation and schedules for 2012/13

To facilitate oversight of compliance with Municipal Budget and Reporting Regulations, accounting officers are reminded that:

- Section 22(b)(i) of the MFMA requires that ***immediately*** after an annual budget is tabled in a municipal council it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. The deadline for such submissions is Tuesday, **10 April 2012**.
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted ***within ten working days*** after the council has approved the annual budget. So if the council only approves the annual budget on 30 June 2010, the final date for such a submission is Thursday, **13 July 2012**, otherwise an earlier date applies.

The municipal manager must submit:

- the budget documentation as set out in Schedule A of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and all the supporting tables (SA1 – SA37) and prescribed minimum narrative information in both printed and electronic format; and
- the draft service delivery and budget implementation plan in both printed and electronic format; and
- in the case of approved budgets, the council resolution.

Municipalities are required to send electronic versions to lgdocuments@treasury.gov.za.

In the event that the file size exceeds 4 MB then please send it to lgbigfiles@gmail.com.

Municipalities are required to send printed submissions of their budget documents and council resolution to:

For couriered documents

Ms Linda Kruger
National Treasury
40 Church Square
Pretoria, 0002

For posted documents

Ms Linda Kruger
National Treasury
Private Bag X115
Pretoria, 0001

After receiving tabled budgets, National Treasury and provincial treasuries will complete a compliance checklist. This checklist will indicate the level of compliance to the Municipal Budget and Reporting Regulations. A copy of the checklist will be sent to the municipality in order to facilitate improvements in the quality of tabled and approved budgets. Please review the municipality's performance last year, and ensure that the gaps are addressed.

7.2 Budget reform returns to the Local Government Database for publication

For publication purposes, municipalities are still required to use the Budget Reform Returns to upload budget and monthly expenditure to the National Treasury Local Government Database. *The old formats may not be used to submit 2012/13 budget information*. All municipalities must migrate to using the aligned version of the electronic returns. All returns are to be sent to lgdatabase@treasury.gov.za.

Returns for the 2012/13 budget must be submitted to the Local Government Database by **20 *July 2012***.

The new aligned electronic returns may be downloaded from National Treasury's website at the following link: http://mfma.treasury.gov.za/Return_Forms/Pages/default.aspx.

7.3 Publication of budgets on municipal websites

In terms of section 75 of the MFMA all municipalities are required to publish their tabled budgets, adopted budgets, annual reports (containing audited annual financial statements) and other relevant information on the municipality's website. This will aid in promoting public accountability and good governance.

All relevant documents mentioned in this circular are available on the National Treasury website, http://mfma.treasury.gov.za/Pages/Default.aspx. Municipalities are encouraged to visit it regularly as documents are regularly added / updated on the website.

7.4 Publication of municipal budgets on National Treasuries website

National Treasury publishes all the approved municipal budgets on its website. However, before publishing National Treasury verifies the correctness of the information submitted by municipalities by comparing the following three sources of information:

1. The Approved Budget, which is the municipality's budget in the format of Schedule A as approved by council (hard copy).

2. Schedule A1, which is the electronic version of the budget Tables A1 to A10, and supporting tables.
3. The Database budgets, which is the municipal budget generated from the information the municipality submits in the Budget Reform Returns.

The information in the Schedule A1 and the Database budget returns MUST reconcile with the Approved Budget as this is the budget that council has adopted and is therefore the legal basis for all revenue collection and expenditure activities within the municipality. In 2011/12, National Treasury confirmed that 118 municipal budgets were properly aligned when the information was published on National Treasury's website.

This process of ensuring these three sources of budget information reconcile is referred to as the Budget Verification Process. Municipalities must ensure that all these three sources of information are aligned upon finalising their budgets, and when submitting their budget information to the provincial treasuries and National Treasury. The provincial treasuries and National Treasury will again check for this alignment before publishing the municipal budgets in November 2012.

Contact

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Post ***Private Bag X115, Pretoria 0001***
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Website ***www.treasury.gov.za/legislation/mfma***

JH Hattingh
Chief Director: Local Government Budget Analysis
16 March 2012

Annexure A – Changes to Schedule A1 – the 'Excel formats'

As noted above, National Treasury has released Version 2.4 of Schedule A1 (the Excel Formats). It incorporates the following changes:

No.	Sheet	Amendment	Reason
1	Org. structure	Sheet appearance has been aligned to that of the 'Instructions' and 'Start pages'. Vote and sub-vote structures have been linked to A3A and A5A, based on the selected votes and sub-votes on the 'Org structure' page.	Facilitate easier completion of sheets
2	A5A	Under the 'multi-year capital' section, the budget columns have been modified to simplify the completion of multi-year allocations	See paragraph 4.2 above
3	A8	Calculation of 'other working capital' has been modified.	Correction
4	SA1	Ten lines have been added to accommodate 'other revenue'	Correction
5	SA1	List of remuneration categories has been standardized (see also SA22)	To align with the draft SCOA
6	SA1	Detail on 'depreciation and asset impairment' has been extended to include 'depreciation resulting from revaluation of PPE'	See paragraph 4.3 above
7	SA1	Detail on 'transfers and grant' has been added to reflect cash and non-cash transfers on grants. This detail is linked to a similar change on SA21	See paragraph 6.8 above
8	SA3	The following Reserves have been deleted: (1) Capitalisation, (2) Government Grant and (3) Public contributions and donations.	Correction to align with GRAP
9	SA8	The following indicators have been deleted: (1) Borrowing to Asset ratio, (2) Debt to Equity ratio and (3) Provisions not Funded	They are not useful or misleading when it comes to analyzing municipal finances.
10	SA8	The following indicators have been added: (1) Capital Charges to Own Revenue and (2) Creditors to Cash and Investments.	These indicators are useful when it comes to analyzing municipal finances.
11	SA9	Income categories based on the Statistics SA Household Survey and Census 2011 have been inserted, as well as an indicative poverty line.	The aim is to align this information with Stats SA data, which should be the main source municipalities use for this information. The indicative poverty line is to start the process of ensuring indigents policies move from the same basis.
12	SA9	There is a new section providing detail to Table A10 on service delivery as follows: • Total Municipal Services, • Municipal In-House Services, • Municipal Entity Services; and • Services Provided by External Mechanisms.	See paragraph 6.10 above.
13	SA12&13	SA12&13 have been split into three separate sheets as follows: (1) SA12a - Property Rates by category for the current year. (2) SA12b - Property rates by category for the budget year. (3) SA13 - Service Tariffs by category	To facilitate the collection of consistent information on municipal rates and domestic tariffs.
14	SA14	References have been amended to provide quantitative indicators of the different household profiles.	To ensure the sample household bills are consistent across all municipalities.

No.	Sheet	Amendment	Reason
15	SA16	Additional columns have been added.	To gather information required in terms of the Municipal Investment Regulations.
16	SA17	An additional section has been added below the original table to facilitate more detailed reporting on 'Unspent Borrowing', as reported on A8 (linked)	To gather information related to the rollover and offsetting on unspent conditional grant funds.
17	SA21	Cash and non-cash transfers have been separated on SA21, and linked to SA1	See paragraph 6.8 above
18	SA22	List of remuneration categories has been standardized (see also SA1)	To align with the draft SCOA
19	SA30	Line items have been aligned to terminology used in A6 and A7	Correction
20	SA34b and SA34c	Ratios shown on A9 and MFMA Circular 55 added to SA34b and c, as appropriate.	To facilitate analysis of budgeting for renewal and repairs and maintenance
21	SA34d	SA34d, Depreciation by Asset Class has been inserted.	To facilitate detailed analysis of budgeting for renewal and repairs and maintenance by asset class over a period of time.
22	SA36	An additional column has been added.	To monitor compliance with MFMA section 19(1)(b) and MBRR Regulation 13, concerning the appropriation of funds to new individual projects during the financial year.
23	SA36 & SA37	(1) An additional column has been added where municipalities will be required to enter GPS co-ordinates (correct to seconds) for all listed projects. (2) Drop-down boxes have been added to facilitate the completion of Asset classes and sub-classes	Facilitate monitoring and tracking

Knysna Municipality

DRAFT Medium Term Revenue & Expenditure Framework (MTREF)

Annexure 6

Policies

2012/2013

KNYSNA, THE TOWN THAT WORKS FOR ALL!

BUDGET POLICY

Date of implementation 1 July 2012

Draft Budget Policy (28 March 2012)

Table of Contents

1. *DEFINITIONS* 3
2. *ABBREVIATIONS* 9
3. *INTRODUCTION* 9
4. *OBJECTIVE* 9
5. *BUDGETING PRINCIPLES* 10
6. *BUDGET PREPARATION PROCESS* 13
7. *FUNDING OF BUDGET* 15
8. *UNSPENT FUNDS AND ROLLOVER OF BUDGET* 15
9. *BUDGET TRANSFERS AND VIREMENTS* 16
10. *ADJUSTMENT BUDGETS* 18
11. *UNFORESEEN AND UNAVOIDABLE EXPENDITURE* 19
12. *UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE* 21
13. *BUDGET IMPLEMENTATION* 23
14. *CONCLUSION* 25
15. *REVIEW* 25

1. DEFINITIONS

"Accounting Officer" *means a person appointed in terms of section 82(l) (a) or (b) of the Municipal Structures Act; and also refers to the municipal manager of a municipality in terms of section 60 of the MFMA;*

*"**Allocation**" means*

(a) a municipality's share of the local government's equitable share referred to in section 214(l) (a) of the Constitution;

(b) an allocation of money to the municipality in terms of section 214(1) (c) of the Constitution;

(c) an allocation of money to the municipality in terms of a provincial budget; or

(d) any other allocation of money to the municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

*"**Annual Division of Revenue Act"** means the Act of Parliament, which must be enacted annually in terms of section 214 (1) of the Constitution;*

***"Approved budget**," means an annual budget*

(a) approved by a municipal council in terms of section 24 of the MFMA, or

(b) includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

*"**Basic Municipal Service**" means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;*

*"**Budget-related Policy**" means a policy of the municipality affecting or affected by the annual budget of the municipality, including:*

(a) the tariffs policy, which the municipality must adopt in terms of section 74 of the Municipal Systems Act;

(b) the rates policy which the municipality must adopt in terms of section 3 of the municipal property rates Act;

(c) the credit control and debt collection policy, which the municipality must adopt in terms of section 96 of the Municipal Systems Act;

(d) the cash management and investment policy which the municipality must adopt in terms of section 13(2) of the Act;

(e) a borrowing policy which must comply with Chapter 6 of the Act;

(f) a funding and reserves policy;

(g) a policy related to the long-term financial plan;

(h) the supply chain management policy which the municipality is required o adopt in terms of section 111 of the Act;

(i) any policies dealing with the management and disposal of assets;

(j) any policies dealing with infrastructure investment and capital projects, including –

(i) the policy governing the planning and approval of capital projects; and

(ii) the policy on developer contributions for property developments;

(k) the indigents policy of the municipality;

(l) any policies related to the provision of free basic services;

(m) any policies related to budget implementation and monitoring including –

(i) a policy dealing with the shifting of funds within votes;

(ii) a policy dealing with unforeseen and unavoidable expenditure; and

(iii) policies dealing with management and oversight;

(n) any policies related to the managing electricity and water including –

(i) a policy related to the management of losses; and

(ii) a policy to promote conservation and efficiency;

(o) any polices related to personnel including polices on overtime, vacancies and temporary staff;

(p) any policies dealing with municipal entities, including –

(i) the service delivery agreement; and

(ii) the dividend preference of the municipality; and

(q) any other budget-related or financial management policies of the municipality.

*"**Budget transfer**" means the transfer of an approved budget allocation from one operating or capital line item to another within a vote, with the approval of the relevant senior manager;*

*"**Budget Year**" means the financial year of the municipality for which an annual budget is to be approved in terms of section 16(1) of the MFMA;*

*"**Capital Budget**" means the approved budget for capital items in a given fiscal period. Capital items are assets with a life expectancy of more than one financial year such as property, plant and equipment. The cost of which is normally written off over a number of fiscal periods;*

*"**Chief Financial Officer**" means a person designated in terms of section 80(2) (a) of the MFMA;*

*''**Council**'' means the municipal council of this municipality referred to in section 18 of the Municipal Structures Act;*

*"**Councillor**" means a member of council;*

***"Creditor**", means a person to whom money is owed by the municipality;*

*"**Current year**" means the financial year, which has already commenced, but not yet ended;*

***"Delegation**" means the power to perform a function or duty which is given to office bearer, councillor or staff members either in terms of Sect 59 of the MSA or Sect 79 of the MFMA;*

*"**Executive Mayor**" means the councillor elected as the executive mayor of the municipality in terms of section 55 of the Municipal Structures Act;*

*"**Generally recognised accounting practice**" means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board;*

*"**Financial recovery plan**" means a plan prepared in terms of section 141 of the MFMA;*

*"**Financial statements**", means statements consisting of at least –*

- *(a) statement of financial position;*
- *(b) a statement of financial performance;*
- *(c) a cash-flow statement;*
- *(d) any other statements that may be prescribed; and*
- *(e) any notes to these statements;*

***"Financial year"** means a twelve months period commencing on 1st July and ending on 30th June each year;*

*"**Financing agreement**" includes any loan agreement, lease, and instalment purchase contract or hire purchase arrangement under which the municipality undertakes to repay a long-term debt over a period of time;*

*"**Fruitless and wasteful expenditure**" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;*

***"Investment**" in relation to funds of the municipality, means –*

(a) the placing on deposit of funds of the municipality with a financial institution; or

(b) the acquisition of assets with funds of the municipality not immediately required, with the primary aim of preserving those funds;

*"**Irregular expenditure**" means –*

(a) expenditure incurred by the municipality or municipal entity in contravention of, or that is not in Accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of section 170 of the MFMA;

(b) expenditure incurred by the municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;

(c) expenditure incurred by the municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or

(d) expenditure incurred by the municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by the municipality which falls within the definition of "unauthorised expenditure";

***"Lender"** means a person who provides debt finance to the municipality;*

*"**Local community**" has the meaning assigned to it in section 1 of the Municipal Systems Act;*

*"**Long-term debt"** means debt repayable over a period exceeding one year;*

*"**Municipal council**" or "council" means the council of the municipality referred to in section 18 of the Municipal Structures Act;*

***"Municipal debt instrument**" means any note, bond, debenture or other evidence of indebtedness issued by the municipality, including dematerialised or electronic evidence of indebtedness intended to be used in trade;*

*"**Municipal entity**" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);*

*"**Municipality**" means –*

(a) when referred to as a corporate body, means the municipality as described in section 2 of the Municipal Systems Act; or

(b) when referred to as a geographic area, means the municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

*"**Municipal service**" has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);*

*"**Municipal Structures Act"** means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);*

***"Municipal Systems Act**" means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);*

*"**Municipal tariff**" means a tariff for services which the municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;*

***"Municipal tax**" means property rates or other taxes, levies or duties that the municipality may impose;*

***"National Treasury**" means the National Treasury established by section 5 of the Public Finance Management Act;*

***"Official**" means –*

(a) an employee of the municipality or municipal entity;

(b) a person seconded to the municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or

(c) a person contracted by the municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

*"**Overspending"***

(a) means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;

(b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or

(c) in relation to expenditure under section 26 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

*"**Past financial year**" means the financial year preceding the current year;*

***"Quarter**" means any of the following periods in a financial year –*

(a) 1 July to 30 September refer to as the 1st quarter;

(b) 1 October to 31 December refer to as the 2nd quarter;

(c) 1 January to 31 March refer to as the 3rd quarter; or

(d) 1 April to 30 June refer to as the 4th quarter;

***"Ring Fenced**" means an exclusive combination of line items grouped for specific purposes for instance salaries and wages. Annexure "B" provides a current item structure within ring fenced groups;*

*"**Service delivery and budget implementation plan**" means a detailed plan approved by the executive mayor of the municipality, in terms of section 53(l) (c) (ii) of the MFMA, for implementing the municipality's delivery of municipal services and which indicate –*

(a) projections for each month of:

(i) revenue to be collected, by source; and

(ii) operational and capital expenditure, by vote;

(b) service delivery targets and performance indicators for each quarter; and

(c) any other matters that may be prescribed, and includes any revisions of such plan by the executive mayor in terms of section 54(l) (c) of the MFMA;

***"Short-term debt**" means debt repayable over a period not exceeding one year;*

*"**Unauthorised expenditure",** means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes –*

(a) overspending of the total amount appropriated in the municipality's approved budget;

(b) overspending of the total amount appropriated for a vote in the approved budget;

(c) expenditure from a vote unrelated to the department or functional area covered by the vote;

(d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;

(e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or

(f) a grant by the municipality otherwise than in accordance with the MFMA;

***"Virement**" means the process of transferring an approved budget allocation from one vote to another, with the approval of the Municipal Manager. To enable senior managers to amend budgets in the light of experience or to reflect anticipated changes;*

***''Vote''** means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different departments or functional areas of the municipality; and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned. Annexure "A" provides the current Vote structure as well as the assigned senior manager;*

***''Vote holder''** means the director and/or senior manager to which the vote is assigned.*

2. ABBREVIATIONS

CFO – Chief Financial Officer

CM – Council Minute

IDP – Integrated Development Plan

MFMA – Municipal Finance Management Act, Act No. 56 of 2003

MSA – Municipal Systems Act, Act No.32 of 2000

MTREF – Medium Term Revenue and Expenditure Framework

SDBIP - Service Delivery and Budget Implementation Plan

3. INTRODUCTION

In terms of the Municipal Finance Management Act, No. 56 of 2003, Chapter 4 on Municipal Budgets, the Council of a municipality must for each financial year approve an annual budget for the municipality before the commencement of that financial year. According to Section 16(2) of the MFMA the executive mayor of the municipality must table the annual budget at a Council meeting at least 90 days before the start of the budget year.

This policy must be read, interpreted, implemented and understood against this legislative background. The budget plays a critical role in an attempt to realise diverse community needs. Central to this is the formulation of a municipal budget that must take into account the government's macro-economic and fiscal policy fundamentals.

It is imperative that the budget process is as consultative and inclusive as possible.

4. OBJECTIVES

The objectives of this budget policy is to set out a framework to deal with –

(a) The preparation of the MTREF budget;

(b) The shifting or virement of funds and budget allocations;

(c) The introduction of any adjustment budgets;

(d) Unforeseen and unavoidable expenditure;

(e) Irregular expenditure;

(f) Fruitless and wasteful expenditure; and

(g) To establish and maintain procedures to ensure adherence to the Municipality's IDP review and budget processes.

5. BUDGETING PRINCIPLES

5.1 The Municipality shall not budget for a cash deficit and should ensure that revenue projections in the budget are realistic taking into account actual collection levels.[1]

5.2 Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote in the approved budget.

5.3 The Municipality shall prepare a three-year budget (MTREF budget) and Council shall approve said budget.

5.4 The MTREF budget must at all times be within the framework of the approved Municipal Integrated Development Plan.

5.5 Capital budget:

5.5.1 Only expenditure that meets the definition of a capital budget as per section 1 of this policy shall be included in the capital budget.

5.5.2 The capital budget shall distinguish between replacement and new assets.

5.5.3 The envisaged sources of funding for the capital budget must be properly considered. Council must be satisfied that this funding is available and has not been committed for other purposes.

*5.5.4 Before approving a capital project, Council **must** consider:*

(a) the projected cost of the project over all the ensuing financial years until the project becomes operational; and

(b) future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on the operating budget.

*5.5.5 Before approving the capital budget, the Council **shall** consider:*

---

[1] *Refer to the approved Funding and Reserves Policy*

(a) the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans;

(b) depreciation of fixed assets;

(c) maintenance of fixed assets, and

(d) any other ordinary operational expenses associated with any item on such capital budget.

5.5.6 The capital expenditure shall be funded from the following sources:

(a) Revenue or Surplus (Cash Resources)

Any financing activity from this source must be included in the cash budget to raise sufficient cash for the expenditure. In order for the commencement of expenditure on an item financed from this source the full amount of physical cash must be ring fenced or set aside from normal operating funds.

(b) New borrowings (External loans)

External loans can only be raised if they are linked to the financing of an asset. A capital item to be financed from an external loan can only be included in the budget if the loan has been secured or if it can reasonably be assumed as being secured. The loan redemption period should not exceed the estimated life span of the asset. Interest payable on external loans shall be included as a cost in the operating budget. Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes to which the projects relate.

(c) Capital Replacement Reserve (CRR)

Council shall establish a CRR for the purpose of financing capital projects and the acquisition of assets. The following sources of funds may be used to establish this reserve:

- *unappropriated cash-backed surpluses to the extent that such surpluses are not required for operational purposes;*
- *interest on the investments of the CRR, appropriated in terms of the investments policy;*
- *additional amounts appropriated as contributions in each annual or adjustments budget;*
- *interest earned on investments of unutilised grants;*
- *VAT claimed back on grants and subsidies; and*
- *proceeds from the sale of assets.*

Before any asset can be financed from the CRR the physical cash must be available within the reserve. If there is insufficient cash available to fund the CRR reserve then the

reserve must be adjusted to equal the available cash. Transfers to the CRR must be budgeted for in the cash budget.

(d) Transfer and Grants / Public Donations and Contributions

Non capital expenditure funded from grants must be budgeted for as part of the revenue budget.

- *Expenditure must be reimbursed from the funding creditor and recognised in the operating budget as transfers recognised – operational and must be budgeted for as such.*

Capital expenditure must be budgeted for in the capital budget.

- *Expenditure must be reimbursed from the funding creditor and recognised in the operating budget as transfers recognised – capital and must be budgeted for as such.*

- *Budgeted grant funding does not need to be cash backed but cash should be secured before spending can take place.*

All unutilized grants received must be ring fenced and cash backed from available cash/cash equivalents and/or investments.

5.6 Operational budget:

The Municipality shall budget in each annual and adjustments budget for the contribution to[2]:

(a) provision for accrued leave entitlements equal to 100% of the accrued leave;

(b) continued employee benefits as at 30 June of each financial year;

(c) provision for the impairment of debtors taking into account prior year, current year improvements and future improvement in debt collection percentages;

(d) provision for the obsolescence and deterioration of stock in accordance with its stores management policy;

(e) Depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate;

(f) A percentage of the operating budget component of each annual and adjustments budget shall be set aside for maintenance as determined in the Funding and Reserves Policy.

When considering the draft annual budget, Council shall consider the impact, which the proposed increases in rates and service tariffs will have on the municipal accounts of households.

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[2] *See approved Funding and Reserves Policy where applicable*

The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts.

The operating budget shall reflect the impact of the capital component on:

- *Depreciation charges;*
- *Repairs and maintenance expenses;*
- *Interest payable on external borrowings; and*
- *other operating expenses.*

The Chief Financial Officer shall ensure that the cost of indigent relief is separately reflected in the appropriate votes as income foregone and/or as per MFMA Circular requirements issued by National Treasury from time-to-time.

6. BUDGET PREPARATION PROCESS

6.1 Formulation of the budget

The Accounting Officer with the assistance of the Chief Financial Officer, Manager (Budget) and the Manager (IDP) shall prepare a draft IDP & Budget process plan with timetables for the municipality including municipal entities for the ensuing financial year.

The Executive Mayor shall table the IDP & Budget process plan to Council not later than 31 August of each year for approval.

The IDP and Budget process plan shall indicate the key deadlines for the review of the IDP as well as the preparation of the MTREF budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act, Municipal Budget and Reporting regulations, the District Municipality IDP Framework as well as the guidelines set by National Treasury.

The Executive Mayor shall convene a strategic workshop in September/October with the mayoral committee and senior managers in order to determine the IDP & Budget priorities which will form the basis for the preparation of the MTREF budget taking into account the financial and political pressures facing the municipality.

The Executive Mayor shall table the draft IDP and MTREF budget to Council by 31 March of each year together with the draft resolutions and budget related policies.

The Chief Financial Officer and senior managers undertake the technical preparation of the budget. The budget must be in the format prescribed by the MFMA: Municipal Budget and Reporting Regulations.

The budget must contain the information related to the two financial years following the financial year to which the budget relates, as well as the estimated figures for the current year and the three prior year actual outcomes.

6.2 Public participation process

Immediately after the draft annual budget has been tabled, the Municipality must convene public meetings on the draft budget and invite the public, stakeholder organisations, to make representation at these meetings and to submit comments in response to the draft budget.

6.3 Approval of the budget

Council shall consider the Annual Budget for approval not later than 31 May for the ensuing financial year. The Council resolution, must contain the budget policies and performance measures to be adopted.

Should the Council fail to approve the budget before the start of the budget year, the Executive Mayor must inform the MEC for Finance that the budget has not been approved.

The budget tabled to Council for approval shall include the following supporting documents as required by the MFMA:

(a) draft resolutions approving the budget;

(b) levying property rates, other taxes and tariffs for the financial year concerned;

(c) measurable performance objectives for each budget vote, taking into account the municipality's IDP;

(d) the projected cash flows for the financial year by revenue sources and expenditure votes;

(e) any proposed amendments to the IDP;

(f) any proposed amendments to the budget-related policies;

(g) the cost to the municipality of the salaries, allowances and other benefits of its political office bearers and other councillors, the Accounting Officer, the Chief Financial Officer, and other senior managers;

(h) particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in service delivery, other organs of state, and organisations such as Non-Governmental Organisations, welfare institutions and so on;

(i) particulars of the municipality's investments; and

(j) various information in regard to municipal entities under the shared or sole control of the municipality

6.4 Publication of the budget

6.4.1 Within 10 working days after the draft annual budget has been tabled, the Accounting Officer must ensure that the draft budget and other budget-related documentation are posted onto the municipal website so that it is accessible to the public.

6.4.2 The Chief Financial Officer must within 10 working days after the draft annual budget is tabled:

(a) submit the tabled draft budget in both printed and electronic formats to the National Treasury, the Provincial Treasury as well as post it on the municipal website; and

(b) ensure that a newspaper advertisement is placed that the draft budget is available at the Municipal offices and available for comments.

6.4.3 Once Council has approved the budget the Chief Financial Officer must within 10 working days:

(a) submit the approved budget in both printed and electronic formats to the National Treasury, the Provincial Treasury as well as post it on the municipal website; and

6.5 Service Delivery and Budget Implementation Plan (SDBIP)

The Executive Mayor must approve the Service Delivery and Budget Implementation Plan not later than 28 days after the approval of the Budget by Council.

The SDBIP shall include the following components:

(a) Monthly projections of revenue to be collected for each source;

(b) Monthly projections of expenditure (operating and capital) and revenue for each vote;

(c) Quarterly projections of service delivery targets and performance indicators for each vote;

(d) Ward information for expenditure and service delivery; and

(e) Detailed capital works plan broken down by ward over three years

7. FUNDING OF BUDGET

The budget must be funded in terms of the Councils approved Funding and Reserves Policy.

8. UNSPENT FUNDS AND ROLLOVER OF BUDGET

The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, excluding in the following instances:

(a) Funds relating to capital expenditure; or

(b) Unspent grants (if the conditions for such grant funding allows that).

Conditions of the grant funding shall be taken into account in applying for such rollover of funds.

No funding for projects funded from the Capital Replacement Reserve shall be rolled over to the next budget year except in cases where a commitment has been made at least 30 days (31 May each year) prior the end of that particular financial year.

No unspent operating budget shall be rolled over to the next budget year.

Any application for a rollover of capital funds must be forwarded to the Budget Office by the latest 15th of July of each year. Only these applications will be considered for inclusion in an adjustment budget. The adoption by Council will take place not later than 25th August.

9. BUDGET TRANSFERS AND VIREMENTS

9.1 Objective

The objective of this section is to allow limited flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings as they arise to accelerate service delivery in a financially responsible manner.

9.2 Financial Responsibilities

Strict budgetary control must be maintained throughout the financial year in order that potential overspends and / or income under-recovery within an individual vote is identified at the earliest possible opportunity.

The Accounting Officer has a statutory duty to ensure an effective system of financial control, specifically to ensure compliance with Section 15 of the MFMA, is in place. The budget transfer and virement process is one of these controls.

It is the responsibility of each senior manager and/or head of a department/activity to which funds are allotted, to plan and conduct assigned operations so as not to expend more funds than budgeted.

In addition, they have the responsibility to identify and report any irregular or fruitless and wasteful expenditure in terms of the MFMA sections 78.

9.3 Virement Restrictions[3]

9.3.1 No virement may take place between votes without consent of both vote holders and the approval of the Municipal Manager.

9.3.2 Accumulated virements may not exceed a maximum annual limit of 5 per cent per vote from which the virement originates.

9.3.3 A virement may not create new policy, significantly vary current policy, or alter the approved outcomes / outputs as approved in the IDP for the current or subsequent years.

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[3] *Between Votes, i.e. Directorates*

9.3.4 No virements may commit the Municipality to increase recurrent expenditure, which commits the Council's resources in the following financial year.

9.3.5 An approved virement does not give expenditure authority and all expenditure resulting from approved virements are still subject to the supply chain management policy of Council as periodically reviewed.

9.3.6 Virements may not be made between Expenditure and Income.

9.3.7 No virements are allowed in terms of income line items.

9.3.8 No virements are allowed between the capital and operating budget.

9.3.9 Virements must not result in new projects on the capital budget.

9.3.10 Virements of conditional grant funds to a purpose outside than specified in the relevant conditional grant framework are not permitted.

9.4 Budget Transfer Restrictions

9.4.1 No funds may be transferred between line items without authorisation of the vote holder.

9.4.2 Accumulated transfers may not exceed a maximum limit of 20 per cent per vote prior to the midyear adjustments budget and 15 per cent per vote after the midyear adjustments budget.

9.4.3 No funds may be transferred from or to items as indicated in Annexure B.

9.4.4 Funds may only be transferred from or to the ring fenced group of employee related costs if approved by the CFO.

9.4.5 Transfers in capital budget allocations are only permitted within specified action plans and not across funding sources and must in addition have comparable asset lifespan classifications.

9.4.6 No transfers are permitted in the first or the final month of the financial year without the express agreement of the CFO.

9.4.7 An approved transfer does not give expenditure authority and all expenditure resulting from approved transfers must still be subject to the supply chain management policy of Council as periodically reviewed.

9.4.8 Transfers may not be made between Expenditure and Income.

9.4.9 No transfers are allowed in terms of income line items.

9.4.10 No transfers are allowed between the capital and operating budget.

9.4.11 Transfers should not result in new projects on the capital budget.

9.4.12 Transfers of conditional grant funds to a purpose outside than specified in the relevant conditional grant framework are not permitted.

9.5 Virement and Budget Transfer Procedure

9.5.1 All virement/transfer requests must be completed on the appropriate documentation and forwarded to the official responsible to process the virement/transfer.

9.5.2 All virements must be signed by the initiator, both vote holders and the Chief Financial Officer.

9.5.3 All budget transfers must be signed by the initiator, the authorised vote holder and the Manager (Budgets).

9.5.4 Budget transfers in excess of R 200,000 require the approval of the Chief Financial Officer.

9.5.5 All documentation must be compiled and approved in line with the delegations as per section 79 of the MFMA before any expenditure can be committed or incurred.

10. ADJUSTMENT BUDGETS

Council may revise its annual budget by means of an adjustments budget in terms of section 28 of the MFMA and according to the timelines of the Municipal Budget and Reporting regulations section 23.

Section 28 (2) of the MFMA determines when an adjustment must be done and when it may be prepared.

The Accounting Officer must promptly prepare an adjustment budget if a material under-collection of revenues arises or is apparent.

The Accounting Officer shall prepare an adjustment budget and appropriate additional revenues, which have become available but only to revise or accelerate spending programmes already budgeted for or any areas of critical importance identified by Council.

The Council may in an adjustments budget, and within the prescribed framework, confirm unforeseen and unavoidable expenses on the recommendation of the Executive Mayor.

"(2) An adjustments budget—

*(a) **must** adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;*

*(b) **may** appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;*

*(c) **may**, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;*

(d) ***may*** *authorise the utilisation of projected savings in one vote towards spending under another vote;*

(e) ***may*** *authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;*

(f) ***may*** *correct any errors in the annual budget; and*

(g) ***may*** *provide for any other expenditure within a prescribed framework."*

The CFO shall ensure that an adjustments budget:

i. *Is prepared in accordance with the MFMA: Municipal Budget and Reporting Regulations;*

ii. *Reflects the budget priorities determined by Council;*

iii. *Complies with all budget-related policies; and*

iv. *Shall make recommendations to the Executive Mayor on the revision of the IDP and the budget-related policies where these are needed.*

An adjustments budget must contain all of the following:

i. *an explanation of how the adjustments affect the approved annual budget;*

ii. *appropriate motivations for material adjustments; and*

iii. *an explanation of the impact of any increased spending on the current and future annual budgets.*

Any un-appropriated surplus from previous financial years, even if fully cash-backed, shall not be used to balance an adjustments budget, but shall be appropriated to the municipality's capital replacement reserve if cash-backed.

Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan compiled in terms of section 141 of the MFMA.

Unauthorised expenses may be authorised in an adjustments budget.

11. UNFORESEEN AND UNAVOIDABLE EXPENDITURE

Before the Executive Mayor considers any authorization of unforeseeable and unavoidable expenditure in terms of Section 29 of the MFMA, the Accounting Officer will ensure that a report is prepare consisting of all the relevant information in order for the Executive Mayor to make an informed decision. This report will be prepared in the prescribe format attach as Annexure C.

The Executive Mayor may authorise such expenses in an emergency or other exceptional circumstances in terms of Section 29 of the MFMA only if:

(a) *the expenditure could not have been foreseen at the time the annual budget of the municipality was passed*[4]*;* ***AND***

(b) *the delay that will be caused pending approval of an adjustments budget by the municipal Council in terms of section 28(2)(c) of the Act to authorise the expenditure may –*

- *result in significant financial loss for the municipality;*
- *cause a disruption or suspension, or a serious threat to the continuation, of a basic municipal service;*
- *lead to loss of life or serious injury or significant damage to property; or*
- *obstruct the municipality from instituting or defending legal proceedings on an urgent basis.*

The Executive Mayor ***MAY NOT*** *authorise expenditure in terms of section 29 of the Act if the expenditure -*

(a) *was considered by the Council, but not approved in the annual budget or an adjustments budget*[5]*;* ***OR***

(b) *is required for-*

- *price increases of goods or services during the financial year;*
- *new municipal services or functions during the financial year;*
- *the extension of existing municipal services or functions during the financial year;12*
- *the appointment of personnel during the financial year; or*
- *allocating discretionary appropriations to any vote during the financial year; or*

(c) *would contravene any existing Council policy; or*

(d) *is intended to ratify irregular or fruitless and wasteful expenditure.*

The accumulated authorised amount/s may not exceed 4 per cent of the approved own revenue included in the annual budget.

The authorization must be reported by the Executive Mayor to the next Council meeting.

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[4] *An item is considered as having been foreseen if a department has received notification thereof from any external source (such as consultant reports, etc.); legal action has been instituted against the municipality relating to the item; if any report has been submitted to a committee of Council bringing the item to the attention of Council.*

[5] *Same as for footnote 4.*

The Accounting Officer must ensure preparation of an adjustment to include the expenses within 30 days after the expenses were incurred.

The Executive Mayor must ensure that Council approves the adjustments budget within sixty days after the expenses were incurred.

12. UNAUTHORISED, IRREGULAR OR FRUITLESS AND WASTEFUL EXPENDITURE

12.1 UNAUTHORISED EXPENDITURE

The Accounting Officer, with the assistance of the CFO and other senior managers, must ensure that no unauthorised expenditure occurs as per definition included in section 1 of this document.

In the event that the Accounting Officer, CFO or any other senior manager, becomes aware of the fact that a decision taken is likely to result in unauthorised expenditure, then that official must immediately in writing report the incident to the Accounting Officer or Executive Mayor as the case may be.

In the event that unauthorised expenditure has occurred, then the relevant senior manager, vote holder within which vote the expenditure occurred, must prepare a report within 10 working days after it came to his/her knowledge.

This report must address at least the following:

- *Background to the occurrence;*
- *Financial implications;*
- *Steps taken to prevent or rectify these internal control measures;*
- *Person responsible of the occurrence; and*
- *Recoverability of the amount.*

This report must then be tabled with the Accounting Officer's recommendation to the Council committee responsible to deal with the investigation in terms Section 32(2) (a) of the MFMA.

Should such a committee not have been established, then the report must be tabled at the Finance and Governance committee.

The Accounting Officer, in terms of section 32(4) of the MFMA, must promptly inform the Executive Mayor, the MEC for Local Government and the Auditor-General of the occurrence.

The Committee responsible to deal with the investigation in terms Section 32 of the MFMA; may consider the following resolutions, apart from corrective action decisions to prevent re-occurrence:

A. *Recommend that it must be taken-up in an adjustment budget; or*

B. That the recovery of the money must commence from the person liable; or

C. Certify that it is irrecoverable and must be written-off by Council.

Within 48 hours of the resolution taken by this committee, the Director Corporate Services must inform the CFO of the result.

The action to be taken by the CFO:

- *In the case of resolution A, the CFO prepares an adjustment for the Executive Mayor to table to Council; or*
- *In the case of resolution B, the CFO must put measures in place to transfer the expense to debtors accounts and commence with collection mechanisms at his/her disposal to recover the money due from the person liable; or*
- *In the case of resolution C, the CFO must report as such in the Annual Financial statements.*

12.2 IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

The Accounting Officer, with the assistance of the CFO and other senior managers, must ensure that no irregular or fruitless and wasteful expenditure occurs as per definition included in section 1 of this document.

In the event that the Accounting Officer, CFO or any other senior manager, becomes aware of the fact that a decision taken is likely to result in irregular or fruitless and wasteful expenditure, then that official must immediately in writing report the incident to the Accounting Officer or Executive Mayor as the case may be.

In the event that irregular or fruitless and wasteful expenditure has occurred, then the relevant senior manager, vote holder within which vote the expenditure occurred, must prepare a report within 10 working days after it came to his/her knowledge.

This report must address at least the following:

- *Background to the occurrence;*
- *Financial implications;*
- *Steps taken to prevent or rectify these internal control measures;*
- *Person responsible of the occurrence; and*
- *Recoverability of the amount.*

This report must then be tabled with the Accounting Officer's recommendation to the Council committee responsible to deal with the investigation in terms Section 32(2) (b) of the MFMA.

The Accounting Officer, in terms of section 32(4) of the MFMA, must promptly inform the Executive Mayor, the MEC for Local Government and the Auditor-General of the occurrence.

The Committee responsible to deal with the investigation in terms Section 32 of the MFMA; may consider the following resolutions, apart from corrective action decisions to prevent re-occurrence:

A. That the recovery of the money must commence from the person/s liable; or

B. Certify that it is irrecoverable and must be written-off by Council.

Within 48 hours of the resolution taken by this committee, the Director Corporate service must inform the CFO of the result.

The action to be taken by the CFO:

- *In the case of resolution A, the CFO must put measures in place to transfer the expense to debtors accounts and commence with collection mechanisms to his/her disposal to recover the money due from the person liable; or*
- *In the case of resolution B, the CFO prepares an adjustment for the Executive Mayor to table it to Council*

The Accounting Officer must in terms of Section 32(6) of the MFMA report to South African Police Services all cases of alleged –

(a) irregular expenditure that constitute a criminal offence; and

(b) theft and fraud that occurred in the municipality.

The Council must take all reasonable steps in terms of Section 32(7) of the MFMA to insure that all cases in term of Section 32(6) are reported to the South African Police Service if –

(a) the charge is against the Accounting Officer; or

(b) the Accounting Officer fails to comply with that subsection.

Refer to Appendix D for examples of Irregular, Fruitless and Wasteful expenditure.

13. BUDGET IMPLEMENTATION

13.1 Monitoring

The Accounting Officer, with the assistance of the CFO and other senior managers, is responsible for the implementation of the budget, and must take reasonable steps to ensure that:

(a) Funds are spent in accordance with the budget;

(b) Expenses are reduced if expected revenues are less than projected; and

(c) Revenues and expenses are properly monitored.

The Accounting Officer, with the assistance of the CFO, must prepare any adjustment budgets when such budget is necessary and submit it to the Executive Mayor for consideration and tabling to Council.

The Accounting Officer, with the assistance of the CFO, must ensure that the Municipality has and maintains an effective system of expenditure control in order to assist with budget control. Budget control must be performed on the lowest level of the budget, as well as the starting activity of an expense (i.e. by line item).

The Accounting Officer, with the assistance of the CFO, must ensure that the Municipality has and maintains effective systems of:

- *Revenue collection; and*
- *Debtor management.*

The assumptions on which the revenue forecasts was based must be monitored on at least a bi-annual basis.

The Accounting Officer, with the assistance of the CFO and other senior managers, must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems

13.2 Reporting

13.2.1 Monthly budget statements

The Accounting Officer, with the assistance of the CFO, must not later than ten working days after the end of each calendar month, submit to the Executive mayor and Provincial and National Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, as well as on the state of the budget cumulatively for the financial year to date.

The report to the National Treasury must be both in electronic format and in a signed written document.

13.2.2 Quarterly Reports

The Accounting Officer, with the assistance of the CFO, must assist the Executive Mayor; in his/her duties in terms of section 52(d) of the MFMA to submit to Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the Municipality.

13.2.3 Mid-year budget and performance assessment

The Accounting Officer must assess the budgetary performance of the Municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the service delivery and budget implementation plan.

The Accounting Officer must then submit a report on such assessment to the Executive Mayor, Provincial Treasury and National Treasury by 25 January each year. The Executive Mayor must table this report to the Council by 31 January each year.

The Accounting Officer may in such report make recommendations, after considering the recommendation of the CFO, to prepare an adjustment budget.

14. CONCLUSION

The Director Corporate Services must place and maintain on the municipality's official website the following documents:

(a) Annual and adjustments budgets and all budget-related documents;

(b) All budget-related policies;

(c) Integrated Development Plan;

(d) Annual report;

(e) All performance agreements;

(f) All service delivery agreements;

(g) All long-term borrowing contracts; and

(h) All quarterly and mid-year reports submitted the Council on the implementation of the budget and the financial state of affairs of the municipality.

15. REVIEW

This Budget Policy is the only policy of the municipality and replaces any past policies in this regard. Any revision of this policy must be approved by Council. This policy must be reviewed and submitted for consideration by Council on an annual basis. Such submission must be accompanied with a full description of the reasons for the change to the policy.

INDEX

		PAGE
1.	DEFINITIONS	3
2.	CREDIT CONTROL PROCEDURE	4
2.1	Repayment electricity system	4
2.2	Arrangements – Credit Control	
2.2.1	Arrangements	4
2.2.2	Responsibilities of residents in regard to arrangements	4
2.2.3	Broken agreement	5
2.2.4	Customer will be categorised into the following income categories	5
2.2.5	Arrangement by indigent customers	5
2.2.6	Arrangement by non-indigent customers	6
2.2.7	Arrangement by Businesses	7
2.2.8	Debt Arrangement – Prepayment system	7
3.	FINAL ACCOUNTS	8
3.1	Electricity and Water accounts	8
3.2	Absconded Debtors	9
3.3	Rates Clearance Certificates	9
4.	LEGAL ACTION PROCEDURES	9
4.1	Procedure	9
5.	COMMITTEE FOR DEBTORS SUPPORT	11
5.1	Purposed of the Committee	11
5.2	Principles involved	11
6.	ANNUAL RATES, REFUSE AND SEWERAGE CHARGES	11
7.	MONTHLY RATES, REFUSE AND SEWERAGE ACCOUNTS	13
8.	MONTHLY ELECTRICITY AND WATER CHARGES (NON PREPAYMENT)	13
9.	SUNDRY DEBTOR ACCOUNT	14
10.	DISHONOURED DEBTOR CHEQUES (R/D CHEQUES)	14
11	UPFRONT CREDIT CONTROL	15
12.	ALLOCATION OF PAYMENT RECEIVED	15

CREDIT CONTROL POLICY AND PROCEDURES

1. DEFINITIONS:

For the purpose of this policy, the wording or any expression used has the same meaning as contained in the Act, except where clearly indicated otherwise and means the following:

"Act" The Local Government Municipal Systems Act, 2000 (Act No 32 of 2000) as amended

"Agreement" an arrangement to pay off an arrear amount with interest over an agreed period of time.

"Business" any trade, manufacturing, service delivery or commercial activity as the primary objective

"consumption" the usage of water and electricity through Council's metered or prepaid Systems

"collection cost" all cost associated with credit control and debt collection, including interest, penalties service disconnection cost and legal cost.

"Council" the municipal council of the Municipality of Knysna

"customer/consumer" any occupier and/or owner of any property to which the municipality has agreed to supply services or already supplies services to, or failing such an occupier, then the owner of the property.

"defaulter" a person who owes money to the municipality after the due date has expired.

"deposit" a sum of money or bank guarantee paid in lieu of a service to be rendered.

"dishonoured cheque" refusal by a bank to pay an amount ordered by cheque to Knysna Municipality for whatever reason

"household income" the income accruing to all members of the household permanently residing at that address.

"indigent household/customer" means households that are registered at the municipality as such and meet the criteria i.t.o the credit control and debt collection policy and occupying a property within the jurisdiction of the municipality.

"interest" a charge levied and calculated at the prime interest rate plus 1% on all arrear amounts owed to Council

"municipal account" an account rendered specifying charges for services provided by the municipality

"municipal services" those services provided by the municipality, such as the supply of water, electricity, refuse removal, sewerage treatment , and for which service charges are levied.

"non-indigent household" means households that are not registered and who does not meet the criteria to qualify for indigent support in terms of this policy

"prepayment service/system" means a system whereby the consumers of electricity and water makes a payment in advance for the use of the service.

"property" any portion of land of which the boundaries are determined within the jurisdiction of the municipality

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2. CREDIT CONTROL PROCEDURES

The credit control policy requires that all municipal accounts be paid on the due date as indicated on the account and that non-payment of accounts will result in credit control action being taken to ensure full compliance.

2.1 PREPAYMENT ELECTRICITY SYSTEM

2.1.1 Councils preferred metering system for domestic and certain business consumers is the prepayment metering system.

2.1.2 Arrear debt of consumers with prepayment meters will be dealt with in terms of credit control facilities available on the prepayment system.

2.2. ARRANGEMENTS – CREDIT CONTROL

2.2.1 Arrangements

A resident who encounters problems in paying the municipal account may enter into an arrangement to pay the outstanding account, plus interest, over an extended period of time.

2.2.2 Responsibilities of residents in regard to arrangements

The resident must:

2.2.2.1 Enter into an agreement with the Municipality and
2.2.2.2 Sign an acknowledgement of debt.

2.2.2.3 Acknowledge that interest will be charged at the prescribed rate.

2.2.2.4 Acknowledge that if the arrangements being negotiated are later defaulted on, then restrictions on water supply and/or the disconnection of electricity and/or the prevention of purchasing electricity or water on the

Prepayment System will follow immediately, to be followed if necessary by legal proceedings.

2.2.2.5 Acknowledge liability for all legal costs which may be incurred.

2.2.3 **Broken agreement**

In the event that an agreement is broken, all arrear agreement Instalments, plus the current monthly account, must be paid before a new agreement may be entered into.

2.2.4 **Customers will be categorised into income categories which are subject to the amendment of Council on an annual basis:**

2.2.4.1 Indigent (Gross household income of less than R4000 per month).

2.2.4.2 Gross household income exceeds R4000 per month.

2.2.4.3 Non domestic (excludes Government Departments).

2.2.4.4 Government Departments.

2.2.5 **Arrangements by indigent customers**

2.2.5.1 Indigent customers will have their credit electricity meters converted to a 20 amp circuit breaker at Council expense.

2.2.5.2 Any arrangement for the payment of debt will be as determined for the payment of arrears on the prepayment system.

2.2.5.3 Any application for further assistance must be made in terms of Council Policy.

2.2.6 **Arrangements by non indigent customers**

2.2.6.1 **An arrangement by non indigent customers must include the following:**

- Payment of the current monthly account.

- Payment of arrears for the current financial year over a maximum period of 12 months within the current financial year.

- Payment of arrears, being the amount outstanding for the previous financial year, as follows:

  Income group less than R5 000 – over a maximum period of 36 months

  Income group R5 000 and more – over a maximum period of 24 months

- All arrangements will be converted from annual rates accounts to monthly payments excluding municipal officials where the provisions of section 10 of schedule 2 of the Municipal Systems Act will apply with regards to arrears for a period longer than 3 months, whereby the Municipality may deduct the arrears from a staff member's salary.

2.2.6.2 Domestic customers with arrangements or upon a 3 times default may have their credit electricity meters converted to prepayment electricity meters on request/at the cost of Council.

2.2.6.3 Reduced interest charges or a discount on arrears according to a sliding scale may be considered for the full and final settlement of arrears above R10, 000.00

2.2.6.4 No further interest will be levied for entering into a fix term agreement for all legal suite accounts and attorney handovers. Interest will however be added for non-compliance to the terms and conditions of the fix term agreement. The agreement will on a two times default be cancelled and a summons will be issued for the total amount plus interest at prime plus 1 %outstanding and no further agreements will be entered in.

2.2.6.5 Council employees who are in arrears for longer than three months will have their thirteenth cheque offset against the outstanding arrear amount in the first instance.
A reminder of the arrears and if necessary a demand for payment will be issued and thereafter will employees be informed of the intention to offset arrears against their thirteenth cheque.

2.2.7 **Arrangements by Businesses**

2.2.7.1 **The arrangement for businesses are:**

- Current account to be fully maintained
- Balance of the arrears to be paid over a period of twelve (12) months.
- Customers with arrangements may have their credit electricity meters converted to prepayment meters on request/at the cost of Council.
- A full and final settlement may be negotiated with businesses provided that a least 90% of the debt is paid on condition that a prepaid electricity meter is installed at their own cost where practically possible.

2.2.8 **Debt Arrangement – Prepayment system**

2.2.8.1 The prepayment electricity system implemented by Council has a debt management facility. There are various blocking types, which can be utilised to collect arrear debt as follows:

2.2.8.1.1 **Total Block**

The consumer is blocked from buying electricity due to arrear debt and will be unblocked only when: -

- The arrear debt is paid in full, or
- An agreed arrangement has been made to pay off the arrear debt with an initial payment of R250,00 in order to unblock a customer.

2.2.8.1.2 **Percentage Blocking**

Each time the consumer makes a purchase a percentage of the amount tendered is allocated to arrear debt.

2.2.8.2 **Indigent Customers**

(a) All indigent customers with arrears will be placed on the percentage block type and 20% of each payment made to purchase electricity will be allocated to arrears.

(b) Indigent consumers will be required to pay their current monthly account before electricity can be purchased. The monthly account is the amount after the indigent subsidy has been deducted.

2.2.8.3 **Non-Indigent Customers**

(a) An arrangement must be made with the customer to pay a minimum monthly instalment, which will include monthly charges plus the repayment of arrears within a maximum period of twelve (12) months.

(b) Customers who pay their arrear debt in full will have the total block removed and can proceed with buying electricity.

3. FINAL ACCOUNTS

3.1 Electricity and Water accounts

3.1.1 When electricity and water consumers move from one premise to another an application for disconnection of services must be completed by the consumer, which must indicate the forwarding address of the consumer and the date of the cancellation of the service.

3.1.2 On the indicated date of cancellation a final reading will be taken of the electricity and water consumption and the consumer will be billed for the consumption until the final reading.

3.1.3 The consumer's deposit, which is held by Council, will be appropriated against the account.

3.1.4 If after the appropriation of the account, a credit balance remains on the account, the credit balance will be refunded to the consumer.

3.1.5 If after the appropriation of the account a debit balance remains on the account the balance on the account must be paid by the consumer.

3.1.6 If a debit balance remains unpaid by a consumer that has left town, the case will be handed over within 60 days for legal proceedings to be instituted.

3.1.7 If a debit balance remains unpaid of a consumer that moved from one premises to another, it will be transferred to the new current account of that consumer.

3.2 **Absconded Debtors**

3.2.1 On becoming aware that the person who applied for the service has absconded a final reading of services will be taken, a final account produced and the consumer deposit appropriated.

3.2.2 Any credit balance on an account will be credited against any arrear balance on an account after which it will be handed over for legal proceedings to be instituted.

3.2.3 The service to the premises will be disconnected in such a way as to prevent service consumption without the required prior application for connection of services.

3.2.4 Any connection of services without prior application for these services will lead to immediate disconnection and a R2000 fine imposed.

3.2.5 In terms of Section 118 of the Municipal Systems Act the owner of a property is ultimately responsible for municipal debt on a property.

3.3 **Rates Clearance Certificates**

3.3.1 When an owner of a property sells the property a rates clearance must to be obtained from Council by the conveyancing attorney in terms of section 118 of the Municipal Systems Act, No. 32 of 2000.

3.3.2 Council must certify that all municipal charges have been fully paid.

4. **LEGAL ACTION PROCEDURES**

4.1 **Procedure**

4.1.1 Legal action will commence by way of letter of demand sent by ordinary mail or hand delivery to the address of the debtor.

4.1.2 All cost associated with credit control and debt collection including interest, penalties, service discontinuation costs, phone call charges, letter charges, search charges and legal costs are for the account of the debtor and should reflect at least the cost of the particular action.

4.1.3 If there is no response to the letter of demand a summons must be delivered to the Clerk of the Court within 10 (ten) days of expiry of the demand period.

4.1.4 If there is no response to the summons then an application must be made for default judgment immediately the time allowed for entering an appearance to defend has expired.

4.1.4.1 If any matters are defended then these must be reported to Council's attorneys.

4.1.5 Once default judgement has been granted:

4.1.5.1 Should the capital be less than R3 000 (Three Thousand Rand), action shall proceed by means of a writ against movable property.

4.1.5.2 In the event that the capital is R3000 or more, then a writ may also be served against immovable property.

4.1.6 Council shall endeavour wherever possible to persuade the debtor to sign a consent to judgment and a consent to an emoluments attachment order which will satisfy the judgment debt within 12 (twelve) months.

4.1.7 Before drafting the notice of sale in execution for the sale of immovable property, the file summary must be submitted to the Mayoral Committee to obtain authority.

4.1.8 Before each step in the process is made, Council shall continuously verify the municipal financial system, to confirm details of the debtor/consumer's status, namely indigency, arrangements made etc.

4.1.9 Files will only to be closed upon the written instruction of the Municipality or as provided in 5.2.10 hereunder.

4.1.10 If the debtor is not traceable, Tracing Agents will be appointed, alternatively Council will be advised to write off the debt and the file closed.

4.1.11 Council shall be informed at all times of irrecoverable debt and the reason thereof.

5. COMMITTEE FOR DEBTORS SUPPORT

5.1 Purpose of the Committee

5.1.1 The purpose of the Committee is to allow for an input by Councillors in legal matters that have reached the sale-in-execution stage, due to non-payment of rates and services charges.

5.1.2 All cases that reached the sale-in-execution stage in the legal process will be referred to the Committee.

5.1.3 The reason for this is to encourage debtors to pay their accounts through the assistance of Ward Councillor visits, which may result in debtors not losing their houses in a sale-in-execution.

5.2 Principles involved

5.2.1 The Credit Control Policy is the basis of the operation of this Committee and in terms of the existing legislation must be enforced.

5.2.2 The Committee will comprise of the Municipal Manager (Chairperson), Finance Manager, or his designated official, and all Ward Councillors.

5.2.3 The Committee will have no authority to prevent Credit Control Action. It is a committee that will monitor the progress of Ward Councillors in encouraging debtors to pay their accounts. If after 2 (two) months, no progress has been made then normal credit control action will resume.

5.2.4 The Committee will have no decision making authority and may only make recommendations to Council.

5.2.5 The Committee will meet on an as and when basis to discuss issues.

6.2.6 In terms of legal action, the Credit Control Section will proceed with the attachment and sale of movables, failing which the immovable property will be attached and sold in terms of relevant legislation.

6. ANNUAL RATES, REFUSE AND SEWERAGE CHARGES

6.1 Annual rates, refuse and sewerage charges become due and payable on 1 July of every year and are extended to 30 September for debtors who have not made applications to pay rates in instalments.

6.2 If the annual rates, refuse and sewerage charges remain unpaid after 30 September a letter of final demand per registered mail and/or hand delivered shall be served on the debtor liable to pay the amounts due. The debtor will be given 10 business days after receipt of the demand to pay the amount payable.

6.3 Debtors who fail to respond to the final demand will be handed over for legal action to collect the arrears.

6.4 Interest on arrears will be charged on annual charges, which remain unpaid after 30 September and will be charged until the account is settled in full.

6.5 Ratepayers/residents may make use of the facility available to pay annually charged property rates, refuse, sewerage and service charges in twelve (12) monthly instalments.

6.6 In order to qualify for the payment of annual charges in twelve monthly instalments, ratepayers/residents must complete an application form to pay assessment rates by instalments. This form will be available at all municipal finance offices.

6.6.1 The above form must be completed and handed in before 31 May in the preceding financial year in which the ratepayer/resident wishes to commence with the payment annual rates and service charges in twelve monthly instalments.

6.6.2 The Ratepayer/Resident will agree: -

- To the monthly instalment be paid on or before the due date as indicated on the account.

- That interest on arrears will be charged on unpaid instalments after the due date as indicated on the account.

6.6.3 All rates and service charges for the previous financial years must be paid before the facility can be implemented.

6.6.4 The facility will be applicable until withdrawn in writing by the ratepayer, resident or Council.

6.7 If more than three instalments, whether consecutive or not, are unpaid or paid in arrears during any financial year, a notice in writing shall be served on the debtor to withdraw the right to pay annual rates and service charges by instalment and after no response from the debtor within 14 days the monthly instalment facility must be cancelled and the total annual charge becomes due and payable, after which total amount due must be handed over for legal action to be instituted to collect the arrears.

6.8 Arrear rates if owed by the owner may in terms of Section 28 and 29 of the Municipal Property Rates Act be recovered in whole or in part from a tenant, occupier, or agent of the owner of the property

6.8.1 Upon servicing of a written notice on the tenant or occupier or agent of the property.

6.8.2 The recoverable amount is limited to the amount of the rent or other money due and payable by the tenant or occupier or agent to the owner.

7. MONTHLY RATES, REFUSE, SEWERAGE AND SERVICES ACCOUNTS

7.1 Monthly charges on accounts are liable on the due date as indicated on the account.

7.2 Interest on arrears will be charged on accounts unpaid after the due date.

7.3 Consumers with electricity meters may have their electricity supply disconnected after the due date for non payment of any of the above monthly charges and may only be reconnected after the account has been settled in full or until an acknowledgement of debt has been signed.

7.4 Consumers who again fail on their arrangement to repay the debt will have their electricity supply again disconnected and will not be reconnected until **all** arrear arrangement instalments and the current account is paid.

7.5 Consumers in arrears with prepayment electricity meters will be dealt with in terms of the debt collection facilities available on the prepayment system to a level of 20% of purchases.

7.6 If the above actions (7.1 to 7.4) fail to collect the arrears within 90 days the accounts will be handed over for legal action.

8. MONTHLY ELECTRICITY AND WATER CHARGES (NON PREPAYMENT)

8.1 The due date for the payment of accounts for electricity and water charges for any month will be the date as stated on the accounts.

8.2 A notice will appear on the monthly statement to the effect that "The supply of services may be discontinued without further notice if any amount is unpaid after the due date and the deposit may be simultaneously reviewed".

8.3 If the account is not paid by the due date as stated on the account the electricity service to the consumer will be disconnected until the debt has been settled in full or until an acknowledgement of debt has been signed and a payment arrangement as approved by Council agreed to.

8.4 Electricity supply to consumers may be disconnected for other municipal charges i.e. rates, refuse, sewerage, water and sundry debtors. Section 102 of the Municipal Systems Act, Act 32 of 2000 determines that the accounts of the various rate and service charges may be consolidated and debt collection measures applied when a consumer defaults.

8.5 The disconnection of an electricity service will be undertaken in two phases i.e. first line and second line disconnections and will apply as follows:

8.5.1 When a consumer defaults on the payment of the amounts due, first line disconnection will apply. First line disconnection means that the pole fuse or the circuit breaker and the bridge piece will be removed.

8.5.2 Any consumer who unlawfully reconnects the electricity supply after being disconnected for an overdue account will be disconnected as a second line. The second line disconnection means that the electricity service to the property will be removed.

8.5.3 On first line disconnection, a disconnection and reconnection fee is payable and will be debited to the debtors account.

8.5.4 On second line disconnections, penalties and reconnection fees are payable and the reconnection of electricity will only be done when the penalty, reconnection fee and total amount due is paid in full.

8.5.5 When a consumer consistently fails to pay his or her account by the due date the deposit of the consumer shall be reviewed and adjusted to cover an account for electricity and/or water for a period of 3 months based on the consumer's consumption over the previous 6 months. The reconnection will only be done once the adjusted deposit and full outstanding amount has been paid.

9. SUNDRY DEBTOR ACCOUNTS

9.1 All debts that fall in this category are payable on presentation of an account (e.g. damage to municipal property, such as electricity poles, traffic lights, etc).

9.2 The relevant department that initiates this type of transaction must forward all the relevant documentation to the Manager: Income

9.3 All debt that has not been settled within one month from the date of invoice must be referred for collection.

9.4 Depending on the circumstances of each case and the amount involved, arrangements can be made to redeem the debt over a period to a maximum of 6 months.

9.5 Debt of 60 days and over will be handed over for legal action.

10. DISHONOURED DEBTOR CHEQUES (R/D CHEQUES)

10.1 On receipt of a dishonoured cheque the payment will be reversed on the debtors account.

10.2 Services to the debtor's premises – will be disconnected after notification of the cheque being dishonoured- and only reconnected when the debtor's account has been settled.

10.3 No arrangement to pay arrears will be entertained.

10.4 The debtor will be informed that only cash will be accepted in future.

11. UPFRONT CREDIT CONTROL

11.1 No Building plans will be approved if Council is owed money.

11.2 No electricity upgrades will be approved if Council is owed money.

11.3 The application for a service connection from a tenant will not be approved if debt is still outstanding from previously occupied properties

11.4 No refund of any deposit will be approved if Council is owed money.

12. ALLOCATION OF PAYMENT RECEIVED

12.1 Settlement of an account clears all charges, including interest on arrears and tamper fees where applicable.

12.2 Part payment of an account will be allocated at the discretion of Council.

12.3 The priority allocation of part payments are as follows:

- Interest on arrears
- Assessment rates
- Refuse and sewerage charges
- Miscellaneous charges
- Rental charges
- Electricity and Water

12.4 The selected payment of certain charges is not allowed.

12.5 Council may consolidate any separate accounts of persons liable for payments and credit a payment against any account of that person and implement debt collection and credit control measures to any arrears on any of the accounts

NOTE: The priority allocation of part payments shall be agreed by Council on an annual basis by means of approval of this policy.

KNYSNA MUNICIPALITY

FUNDING AND RESERVES POLICY

Effective date: 1 July 2012

INDEX

1. INTRODUCTION AND OBJECTIVE 2

2. SECTION A: FUNDING POLICY 2

2.1 LEGISLATIVE REQUIREMENTS 2

2.2 STANDARD OF CARE 2

2.3 STATEMENT OF INTENT 3

2.4 CASH MANAGEMENT 3

2.5 LIABILITY MANAGEMENT 3

2.6 FUNDING THE OPERATING BUDGET 3

2.7 FUNDING THE CAPITAL BUDGET 5

2.8 FUNDING COMPLIANCE MEASUREMENT 6

3. SECTION B: RESERVES POLICY 11

3.1 INTRODUCTION 11

3.2 LEGAL REQUIREMENTS 11

3.3 TYPES OF RESERVES 11

3.4 ACCOUNTING FOR RESERVES 13

4. SECTION C: REVIEW OF THE POLICY 13

The proposed amendments to this policy are intended to make certain sections more clear, provide more details for readers, users and practitioners, and show links with the budget schedules required in the terms of the Municipal Budget and Reporting Regulations that are used in the Medium Term Revenue and Expenditure (MTREF) budget report that is submitted to council for approval of the annual budget.

Draft Funding and Reserves Policy (28 March 2012)

FUNDING AND RESERVES POLICY

1. INTRODUCTION AND OBJECTIVE

The Council sets itself the objective of becoming a financially sustainable municipality with basic levels of service delivery to the entire community.

This policy aims to set standards and guidelines towards ensuring financial viability over both the short- and long term and includes funding as well as reserves requirements.

2. SECTION A: FUNDING POLICY

2.1 LEGISLATIVE REQUIREMENTS

In terms of Sections 18 and 19 of the Municipal Finance Management Act (Act No 56 of 2003) (MFMA), an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes and
- Borrowed funds, but only for capital projects.

Furthermore, spending on a capital project may only be commenced once the funding sources have been considered, are available and have not been committed for other purposes.

The requirements of the MFMA are clear in that the budget must be cash – funded i.e. cash receipts (cash/cash equivalents) inclusive of prior cash surpluses must equal or be more than cash payments[1].

In determining whether the budget is actually cash funded and in addition ensuring long term financial sustainability, the municipality will use analytical processes, including those specified by National Treasury from time to time.

2.2 STANDARD OF CARE

Each functionary in the budgeting and accounting process must do so with judgment and care that the objectives of this policy are achieved.

[1] The following budget schedules must reflect positive balances for:
A7: Budgeted Cash Flows - 'Cash/cash equivalents at the yearend'
A8: Cash backed reserves/accumulated surplus reconciliation – 'Surplus/(shortfall)'

2.3 STATEMENT OF INTENT

The municipality will not pass a budget which is not cash – funded or where any of the indicators as listed in this document are negative, unless acceptable reasons can be provided for non-compliance and provided that the requirements of the MFMA must at all times be adhered to.

2.4 CASH MANAGEMENT

Cash must be managed in terms of the municipality's 'Liability, Investment and Cash Management' Policy.

2.5 LIABILITY MANAGEMENT

Debt must be managed in terms of the municipality's 'Liability, Investment and Cash Management' Policy, together with any requirements in this policy.

2.6 FUNDING THE OPERATING BUDGET

2.6.1 INTRODUCTION

The municipality's objective is that the user of municipal resources must pay for such usage in the period in which it will occur.

The municipality recognises the plight of the poor, and in line with national and provincial objectives, commits itself to subsidising services to the poor. This may necessitate cross-subsidisation in some tariffs to be calculated in the budget process.

2.6.2 GENERAL PRINCIPLE WHEN COMPILING THE OPERATING BUDGET

The following specific principles apply when compiling the budget:

a) The budget must be cash – funded, i.e. revenue and expenditure projections must be realistic and the provision for impairment of receivables must be calculated on proven recovery rates;

b) Growth parameters must be realistic and be based on historic patterns adjusted for current reliable information[2];

c) Tariff adjustments must be fair, taking into consideration general inflation indicators as well as the geographic region's ability to pay;

[2] Refer also to the Rates Policy, Section 3. Principles

d) Revenue from Government Grants and Subsides must be in accordance with the amounts promulgated in the Division of Revenue Act, proven provincial transfers and any possible transfers to or from other municipalities.

For the purpose of the Cash flow budget any National or Provincial grants that have been re-appropriated for roll–over purposes must be excluded from the calculation and be included in changes in Cash and Cash Equivalents and Payables.

Within the budget, grants recognised as revenue must equal the total expected expenditure from grants inclusive of capital expenditure and VAT, as per directives given in various MFMA Circulars.

e) Projected revenue from services charges must be reflected as net (ie all billing less revenue foregone, including free basic services, discounts and rebates).

f) Projected revenue from property rates must include all rates to be levied. All rebates and discounts must be budgeted for as revenue foregone.

For the purpose of the Cash flow Budget all rebates and discounts must be deducted from the projected revenue.

g) Only changes in fair values related to cash may be included in the cash flow budget. Changes to unamortised discount must be included in the Operating Budget.

h) Employee related costs include contributions to non-current and current employee benefits. It is acknowledged that the non-current benefits' requirements are well above the initial cash capabilities of the municipality. It is therefore determined that provision for the short term portion of employee benefits, as well as an operating surplus calculated at 5per cent of the prior year balance of the long–term benefits, be included in the operating budget to build sufficient cash for these requirements. The cash portion of the employee benefits must be accounted for in an "Employer Benefits Reserve".

i) Depreciation must be fully budgeted for in the operating budget.

In order to ensure a sufficient accumulation of cash for the replacement of Property, Plant and Equipment and Intangible Assets, the amount of depreciation on assets funded from internally generated funds[3], excluding assets funded from transfers and grants, public contributions and

[3] Including at least the capital replacement reserve and surplus cash

borrowings should be reflected as a surplus on the cash flow budget, however it is accepted that this could create an affordability issue in the short term requiring the treatment to be flexible.

j) Contributions to provisions (non-current and current) do not form part of the cash flow. It is necessary to provide for an increase in cash resources in order to comply with the conditions of the provision at the time when it is needed.

An initial contribution to current provisions, as well as 20 per cent of the prior year balance of the non current provision, will be considered for budget purposes as cash surpluses until the necessary funding level is obtained.

2.7 FUNDING THE CAPITAL BUDGET

2.7.1 INTRODUCTION

The municipality's objective is to maintain, through proper maintenance and replacement measures, existing levels of service and to improve and implement services which are neglected or non – existent.

In order to achieve this objective the municipality must annually, within financial means, budget for the replacement of redundant assets as well as new assets.

2.7.2 FUNDING SOURCES FOR CAPITAL EXPENDITURE

The capital budget can be funded by way of transfers and grants, public contributions and donations, borrowing and internally generated funds.

Internally Generated Funds

The capital budget financed from internally generated funds is primarily funded from the capital replacement reserve and surplus cash resources. The allocations of the funding sources from internally generated funds will be determined during the budget process.

Transfers and Grants (Including Public Contributions and Donations)

Grants for capital expenditure have become a common practice, especially in order to extend service delivery to previously disadvantaged areas. While such grants are welcomed, care should be taken that the acceptance of grant funding does not place an unreasonable burden on the residents for future operating and maintenance costs which may be higher than their ability to pay.

The Accounting Officer will annually evaluate the long term effect of capital grants on future tariffs, and if deemed necessary, report on such to Council.

Depreciation charges on assets financed from grants and donations must not have a negative effect on tariffs charged to the users of such assets. The Accounting Officer will put accounting measures in place to comply with this requirement as far as possible.

Borrowings

The municipality may only raise long-term borrowings in accordance with its 'Liability, Investment and Cash Management' Policy..

The Accounting Officer must put accounting measures in place to ensure that no unspent portions of loans are utilised for operating purposes.

For budgeting purposes any difference between proposed capital spending from loans and proposed loans raised must be included in the cash surplus for the year, i.e. any unspent borrowings at year end must be cash-backed in the 'Cash backed reserves/accumulated surplus reconciliation'.

Repaying long-term liabilities will impact directly on future tariffs that will be charged to consumers. For this reason, Council will give priority to borrowing for revenue-generating assets only. Provision for acquiring non-revenue generating assets will be made by way of utilising other funding sources.

2.8 FUNDING COMPLIANCE MEASUREMENT

2.8.1 INTRODUCTION

The municipality must ensure that the annual budget or any subsequent adjustments budget complies with the requirements of the MFMA and this policy. For this purpose a set of indicators must be used as part of the budget process and be submitted with the budget. These indicators will include all indicators as recommended by National Treasury as well as any additional indicators detailed in this policy.

If any of the indicators are negative during the compilation or approval process of the budget, the budget may not be approved, unless those negative indicators can be reasonably explained and any future budget projections address the turn-around of these indictors to within acceptable levels[4].

[4] Indicators may include those referred to in the following budget schedules:
SA8: Performance indicators and benchmarks
SA10: Funding measurement

2.8.2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

A positive cash/cash equivalents position should be maintained throughout the year. In addition, the forecasted cash position at year-end must at least be the amount as calculated in the Reconciliation of Cash Requirements as determined by this policy and attached to this policy as Appendix "A"[5].

2.8.3 CASH PLUS INVESTMENTS LESS APPLICATION OF FUNDS

The overall cash position (cash/cash equivalents and investments) of the municipality must be sufficient that it can:

- Provide for the cash-backing of:
    - unspent conditional transfers and grants;
    - unspent conditional public contributions;
    - unspent borrowing;
    - the cash portion of statutory funds such as the Housing Development Fund;
    - VAT due to SARS;
    - secured investments (whether long- or short-term);
    - reserves as approved by the municipality and those portions of provisions as indicated elsewhere in this policy; and
- Take into account other working capital requirements.

2.8.4 INDICATORS

2.8.4.1 MONTHLY AVERAGE PAYMENT COVERED BY CASH AND CASH EQUIVALENTS ("CASH COVERAGE")[6]

This indicator shows the level of risk should the municipality experience financial stress.

2.8.4.2 SURPLUS/DEFICIT EXCLUDING DEPRECIATION OFFSETS[7]

It is probable that the operating budget including depreciation charges on assets funded by grants and public contributions, as well as on revalued assets, will result in a deficit.

As determined elsewhere in this policy it is not the intention that residents be burdened with tariff increases to provide for such depreciation charges. In order to ensure a "balanced" budget but excluding such depreciation charges, the depreciation charges may be offset against the net surplus / deficit.

[5] A surplus balance on budget schedule A8: Cash backed reserves/accumulated surplus reconciliation
[6] Supporting Table SA10 Funding measurement: indicator no. 3
[7] Supporting Table SA10 Funding measurement: indicator no. 4

Should a budget result in a deficit after the offsetting, the budget will be deemed unfunded and must be revised.

2.8.4.3 PROPERTY RATES/SERVICE CHARGE REVENUE PERCENTAGE INCREASE LESS MACRO INFLATION TARGET[8]

The intention of this indicator is to ensure that tariff increases are in line with macro economic targets, but also to ensure that revenue increases for the expected growth in the geographic area are realistically calculated.

The formula to be used is as follows:

	DESCRIPTION	PROPERTY RATES	SERVICE CHARGES	TOTAL
A	Revenue of budget year	R XX	R XX	R XX
B	Less: Revenue of prior year	R XX	R XX	R XX
C	**=Revenue increase/decrease**	**R XX**	**R XX**	**R XX**
D	% Increase/(Decrease)	C/B %	C/B %	C/B %
E	Less: Upper limit of macro Inflation target	%	%	%
F	**=Growth in excess of inflation target**	**%**	**%**	**%**
G	Less: Expected growth %	%	%	%
H	**=Increase attributed to tariff Increase above macro inflation target**	**%**	**%**	**%**

In the event that the percentage in (h) above is greater than zero, a proper motivation must accompany the budget at submission, or the budget must be revised.

2.8.4.4 CASH COLLECTION PER CENT RATE[9]

The object of the indicator is to establish whether the projected cash to be collected is realistic and complies with section 18 of the MFMA.

The collection rate for calculating the provision for impairment of receivables must be based on past and present experience. Past experience refers to the

[8] Supporting Table SA10 Funding measurement: indicator no. 5
[9] Supporting Table SA10 Funding measurement: indicator no. 6

collection rates of the prior years and present experience refers to the collection rate of the current financial year as from 1 July.

It is not permissible to project a collection rate higher than the current rate. Any improvement in collection rates during the budget year may be appropriated in an Adjustments Budget.

2.8.4.5 DEBT IMPAIRMENT EXPENSE AS A PERCENTAGE OF BILLABLE REVENUE[10]

This indicator provides information as to whether the contribution to the provision for impairment of receivables is adequate. In theory it should be equal to the difference between 100 per cent and the cash collection rate, but other factors such as past performance can have an influence on it. Excessive differences should be motivated and/or explained in the MTREF budget report.

2.8.4.6 BORROWING AS A PERCENTAGE OF CAPITAL EXPENDITURE (EXCLUDING GRANTS AND CONTRIBUTIONS)[11]

This indicator provides information as to compliance with the MFMA in determining borrowing needs. The Accounting Officer must ensure compliance with the municipality's liability management.

2.8.4.7 GRANT REVENUE AS A PERCENTAGE OF GRANTS AVAILABLE[12]

The percentage attained should never be less than 100 per cent and the recognition of expected unspent grants at the current year-end as revenue in the next financial year must be substantiated in a report.

2.8.4.8 CONSUMER DEBTORS CHANGE (CURRENT- AND NON-CURRENT)[13]

The object of the indicator is to determine whether budgeted reductions in outstanding debtors are realistic.

Any unacceptably high increase in either current or non–current debtors' balances should be investigated and reported.

2.8.4.9 REPAIRS AND MAINTENANCE EXPENDITURE LEVEL[14]

Property Plant and Equipment should be maintained properly at all times in order to ensure sustainable service delivery. The budget should allocate sufficient resources to maintain assets and care should be exercised not to allow a declining maintenance program in order to fund other less important expenditure requirements.

[10] Supporting Table SA10 Funding measurement: indicator no. 7
[11] Supporting Table SA10 Funding measurement: indicator no. 8
[12] Supporting Table SA10 Funding measurement: indicator no. 10
[13] Supporting Table SA10 Funding measurement: indicator no. 11 and 12
[14] Supporting Table SA10 Funding measurement: indicator no. 13

Similarly, if the maintenance requirements become excessive, it could indicate that a capital renewal strategy should be implemented or reviewed.

As a general benchmark the maintenance budget infrastructure assets should be between 7.5 per cent and 10 per cent of the asset values (write down values). Currently the ratio is below this and the benchmark should be achieved within the next five years.

Where the budgeted amounts for repairs and maintenance reflected on Table A9 are less than 7.5 per cent of the asset value (write down value) of the municipality's Plant Property and Equipment (PPE) as reflected in the municipality's annual financial statements, the municipality must provide a detailed explanation and assurance that the budgeted amount is adequate to secure the ongoing health of the municipality's infrastructure supported by reference to its asset management plan or disclosure of determination of the repairs and maintenance per asset class in the MTREF budget report.[15]

Should the municipality receive an audit qualification related to its assets register, where the budgeted amounts for repairs and maintenance reflected on Table A9 are less than 10 per cent of the municipality's operating expenditure on Table A4, the municipality must provide a detailed explanation and assurance that the budgeted amount is adequate to secure the ongoing health of the municipality's infrastructure supported by reference to its asset management plan.[16]

2.8.4.10 ASSET RENEWAL/REHABILITATION EXPENDITURE LEVEL[17]

This indicator supports further the indicator for repairs and maintenance.

The Accounting Officer must, as part of the capital budget, indicate whether each project is a new asset or a replacement/renewal asset in order to determine whether the renewal program is sufficient or needs revision.

Where the municipality allocates less than 40 per cent of its Capital Budget (as reflected on Table A8) to the renewal of existing assets it must provide a detailed explanation and assurance that the budgeted amount is adequate to secure the ongoing health of the municipality's infrastructure supported by reference to its asset management plan.[18]

[15] Based on MFMA Circular 55, paragraph 4.2
[16] MFMA Circular 55, paragraph 4.2
[17] Supporting Table SA10 Funding measurement: indicator no. 14
[18] MFMA Circular 55, paragraph 4.2

3. SECTION B: RESERVES POLICY

3.8 INTRODUCTION

Fund accounting historically formed the major component of municipal finance in the Institute for Municipal Finance Officers (IMFO) standards.

After the change to General Recognised Accounting Practices (GRAP), fund accounting is no longer allowed.

However, the municipality recognises the importance to itself, its creditors, financiers, staff and the general public of providing for a measure of protection for future losses, as well as providing the necessary cash resources for future capital replacements and other current and non-current liabilities.

This policy therefore aims to provide for a measure of protection by creating certain reserves.

3.9 LEGAL REQUIREMENTS

There are no specific legal requirements for the creation of reserves, except for the Housing Development Fund. The GRAP Standards themselves do not provide for reserves.

The GRAP "Framework for the Preparation and Presentation of Financial Statements" states in paragraph 91 that such reserves may be created, but "Fund Accounting" is not allowed and any such reserves must be a "legal" reserve, i.e. created by law or Council Resolution.

3.10 TYPES OF RESERVES

Reserves can be classified into two main categories being "cash funded reserves" and "non – cash funded reserves".

3.10.1 CASH FUNDED RESERVES

In order to provide for sufficient cash resources for future expenditure, the municipality hereby approves the establishment of the following reserves:

(a) Capital Replacement Reserve (CRR)

The CRR is to be utilised for future capital expenditure from own funds and may not be used for maintenance or other operating expenditure.

The CRR must be cash–backed and the Accounting Officer is hereby delegated to determine the contribution to the CRR during the compilation of the annual financial statements.

(b) **Employee benefits reserve**

The aim of this reserve is to ensure sufficient cash resources are available for the future payment of employee benefits.

The contributions to the reserve must be made in accordance with the directives set out in this Funding Policy.

(c) **Non-current provisions reserve**

The aim of this reserve is to ensure sufficient cash resources are available for the future payment of non – current provisions.

The contributions to the reserve must be made in accordance with the directives set in this Funding Policy.

(d) **Valuation reserve**

The aim of this reserve is to ensure sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.

The contribution to this reserve should be approximately 25 per cent of the anticipated cost of the General Valuation and the Accounting Officer is hereby delegated to determine this amount annually during the compilation of the annual financial statements.

(e) **Other statutory reserves**

It may be necessary to create reserves prescribed by law, such as the Housing Development Fund. The Accounting Officer must create such reserves according to the directives in the relevant laws.

3.10.2 NON – CASH FUNDED RESERVES

On occasion it is necessary to create non – cash funded reserves. The Accounting Officer must create any reserves prescribed by the accounting standards, such as the Revaluation Reserve, if required.

The Accounting Officer is delegated to create reserves for future depreciation offsetting, in the absence of a standard similar to IAS 20.

3.11 ACCOUNTING FOR RESERVES

3.11.1 REVALUATION RESERVE

The accounting for the Revaluation Reserve must be done in accordance with the requirements of GRAP 17.

3.11.2 OTHER RESERVES

The accounting for all other reserves must be processed through the Statement of Financial Performance. The required transfer to or from the reserves must be processed in the Statement of Net Assets to or from the accumulated surplus.

It is a condition of GRAP and this policy that no transactions may be directly appropriated against these reserves.

4. SECTION C: REVIEW OF THE POLICY

This Funding and Reserves Policy is the only policy of the municipality and replaces any past policies in this regard. Any revision of this policy must be approved by Council.

This policy must be reviewed and submitted for consideration by Council on an annual basis. Such submission must be accompanied with a full description of the reasons for the change to the policy.

APPENDIX A

RECONCILIATION OF CASH REQUIREMENTS

Cash flow from operating activities	R XX
Add : Depreciation from own funds	R XX
Add : Contribution to current provisions	R XX
Add : 20% of prior year non – current provisions balance	R XX
Add : 5% of prior year non – current employee benefits balance	R XX
Add : Contribution to Valuation reserve	R XX
Add : Unspent conditional grants	R XX
Add : Unspent public contributions	R XX
Add : Unspent borrowings	R XX
Add : VAT due to SARS	R XX
Add : Secured investments	R XX
Add : Cash portion of Statutory Reserves	R XX
Add : Working Capital Requirements	R XX
= Minimum Cash Surplus Requirements for the year	R XX

KNYSNA MUNICIPALITY

INDIGENT SUPPORT AND SOCIAL REBATE POLICY

Draft Indigent and Social Rebate Policy (28 March 2012)

DEFINITIONS

"Act" The Local Government: Municipal Systems Act 2000 (Act No 32 of 2000) as amended from time to time.

"Council" the municipal council of the Municipality of Knysna

"financial year" a 12 month period from 1 July to 30 June each year.

"household" all the occupants of a house or property living as a family

"household income" the income accruing to all members of the household permanently residing at that address. It includes income of spouses.

"indigent person" a person whose household income does not exceed the minimum household income as predetermined by council.

"municipal services" those services provided by the municipality, such as the supply of water, electricity, refuse removal, sewerage treatment for which service charges are levied.

"occupier" any person who occupies any property or part thereof, without taking cognisance of the title in which he or she occupies the property.

"property" any portion of land, of which the boundaries are determined, within the jurisdiction of the municipality

Indigent Support and Social Rebate Policy

Section 97(1)(c) of the Municipal Systems Act requires municipalities to formulate an Indigent Policy that is consistent with Council's rate and tariff policies and also meets the requirements of S152 of the Constitution.

1. INTRODUCTION

In terms of Section 74(i) of the Act, the Council should at least take into consideration the extent of subsidisation of tariffs for poor households. Arising from the above, Council needs to approve an Indigent Support Policy. This policy must provide procedures and guidelines for the subsidisation of rates and basic services and tariff charges to its indigent households.

The Council accepts responsibility for the rendering of services in terms of Schedules 4 and 5 of the Constitution as well as other services which may be delegated by National and Provincial Government. The Council will endeavour to render a basic level of services necessary to ensure an acceptable and reasonable quality of life and which takes into account health and environmental considerations.

2. THE OBJECTIVE

The objective of the Indigent Support and Social Rebate Policy is to ensure the following:

2.1 The provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the Council; and

2.2 To provide procedures and guidelines for the subsidisation of rates and basic service charges to its indigent households, using the Council's budgetary provisions received from National Government, according to prescribed policy guidelines.

2.3 Council also recognises that many of the residents can simply not afford the cost of full provision and for this reason Council will endeavour to ensure affordability through:

2.3.1 Setting rates and tariffs in terms of the Council's Rates and Tariff Policy, which will balance the economic viability of continued service delivery; and

2.3.2 Determining appropriate service levels.

3. RESPONSIBILITY/ACCOUNTABILITY

Council has the overall responsibility for compiling, approving and implementing the Indigent Support and Social Rebate Policy.

4. **INDIGENT SUPPORT AND SOCIAL REBATE POLICY PRINCIPLES**

The following should be the guiding principles in implementing the Indigent Support Policy:

4.1 The Indigent Support and Social Rebate Policy is in accordance with Local Government Municipal Systems Act, 2000, Local Authorities Ordinance No. 25 of 1974 and all other amending or related legislation.

4.2 Relief will be provided by Council to registered residential owners and/or consumers of services.

4.3 The Council must, wherever possible, ensure that any relief is constitutional, practical, fair, equitable and justifiable to avoid alienating any group of households. There should be no differentiation whatsoever of any residential consumers. It should only differentiate in the level of service rendered.

4.4 The subsidy for minimum service level should not result in the creation of a massive bureaucratic administration that would not be cost effective to implement eg when more than 25% of the population/consumers require/qualify for subsidisation.

4.5 Differentiation must be made between those households who cannot afford to pay for basic services and those who simply do not want to pay for these services.

4.6 The payment for services should be affordable to all consumers.

4.7 It should be for a financial year, and reviewed annually.

4.8 Council may review and amend the qualification for indigent support and social rebates, annually during the budget cycle.

4.9 The collective or joint gross income of each household will be taken into account. The household income must be correctly reflected on the application form requesting indigent support or a social rebate, which may be withdrawn if the income is found to have been incorrectly submitted.

4.10 The residents must formally apply on the prescribed application forms for the relief and will qualify for the indigent support or social rebate according to these prescribed criteria/principles laid down by Council. After the application form has been completed, an effective and efficient evaluation system will be

used in order to obtain the outcome within a reasonable time determined by Council.

4.11 If a person/household is found to be indigent, he/she will be registered on a database linked to the debtors system and to Council's Local Economic Development system.

4.12 The onus is on the recipient to inform the Council of any change in his/her status or personal household circumstances.

4.13 All indigents should be re-evaluated after a period of three months to assess the provision of continued basic services, on a subsidised basis.

4.14 Disciplinary measures will be imposed on persons who misuse the system and provide incorrect information. These measures are:

4.14.1 A person will forfeit his or her status as a registered indigent and will thereafter be treated as an ordinary residential property owner or account holder for the financial year concerned.

4.14.2 Relief may be withdrawn if a registered indigent fails to keep to the terms of the policy or any tampering with the installations of the municipality is detected.

4.14.3 A person shall be liable to repay the municipality with immediate effect all indigent relief received from the date of such fraudulent registration.

4.15 An approved community communications programme in English, Afrikaans and Xhosa, embodying the principles of transparency and will be implemented in respect of the indigent support programme.

4.16 Skills and lifestyle training and other education related programmes will be introduced to assist the indigent to try to become self-sufficient.

4.17 It will also be a requirement of this policy where it is practically possible for certain individuals to engage in programmes offered by the municipality which has its aim to promote economic development and self sufficiency amongst the indigent.

4.17 Council may introduce further principles consistent with the objectives of Indigent and Social support.

5. CRITERIA FOR QUALIFICATION FOR INDIGENT SUPPORT AND SOCIAL REBATES

5.1 A household where the combined gross income of all occupants is below a level as defined by Council on an annual basis.

5.2 Only registered owner occupiers or residents in Municipal schemes who have signed a deed of sale with the Municipality will qualify.

5.3 Households who formally apply for relief must satisfy the qualifying criteria/principles determined by Council.

5.4 Only household/occupants/residents/dependants who do not own more than one property, qualify.

5.5 The applicant must be a South African citizen or must have proof of recognized refugee status.

5.6 any application for a rebate must be accompanied by an affidavit indication the true income of the household.

6. EXTENT OF INDIGENT SUPPORT AND SOCIAL REBATES

The extent of any support will be determined by Council's budgetary provisions after also taking into consideration the amount received from National Government for this purpose.

7. APPLICATION FOR INDIGENT SUPPORT

7.1 Applications for relief must be made in a manner prescribed by Council whereupon the applicant must comply with the necessary requirements to qualify for support.

7.2 The application form to contain, inter alia, the following important information:

7.2.1 Details of the Account holder eg. owner of the property.
7.2.2 Proof of income of all residents of the household
7.2.3 Identification documents; and
7.2.4 Number and names of dependants, permanently resident at that address.

7.3 Applicants to re-apply for continued relief to be submitted annually.

Draft Indigent and Social Rebate Policy (28 March 2012)

8 APPLICATION FOR SOCIAL REBATE

8.1 Council may annually grant a social rebate to pensioners and persons receiving a Government disability pension, or old age pension.

8.2 The conditions to qualify for the social rebate are as follows:

8.2.1 Persons who are under the age of 60 years and receive a Government disability pension (grant) may also qualify for the social rebate.

8.2.2 The person older Than 60 years of age may also apply.

8.2.3 The person must occupy the property registered in their name.

8.2.4 The joint gross income from all sources may not exceed an amount to be approved by Council on an annual basis (currently R4000 per month)

8.2.5 Some of the sources of income from the applicant and the spouse of the applicant are the following:

8.2.5.1 Income from employment
8.2.5.2 Income from self employment
8.2.5.3 Income from pension (all types of pension)
8.2.5.4 Income from rental
8.2.5.5 Income from investment

9 APPLICATION AND SUPPORTING DOCUMENTATION

9.1 The applicant must complete an Application for social rebate form, which will be available at all municipal enquiry offices.

9.2 The application must be submitted before 31 May of each year.

9.3 The following must accompany the application form:

9.3.1 Proof of income
9.3.2 Proof of unemployment
9.3.3 A copy of the applicant's identity documents
9.3.4 An affidavit witnessed by a commissioner of oath that income from all sources is less than R4000 per month.

10. ON-SITE AUDIT INSPECTION

An on-site audit may be conducted by Municipal Employees or designated agents to verify the information supplied on the Application Form. Confirmation of circumstances will be at the discretion of the administration..

11. BASIC SERVICES OFFERED TO THE INDIGENT AND RECIPIENTS OF A STATE PENSION OR STATE DISABILITY GRANT

Indigent Support and Social Rebates is to be provided for the following services, subject to funds being allocated and appropriate allocation of funds by the National Treasury and the relevant criteria being adhered to:

11.1 Rates
11.2 Basic Sewerage
11.3 Refuse
11.4 Basic Water
11.5 Basic Electricity

Consumption of water, sewerage and electricity subject to special allowances for free water and electricity, must be paid in full.

12. DISCRETIONARY POWERS

Council has the discretion to amend any clause, stipulation or tariff embodied in the Indigent Support and Social Rebate Policy in the interest of the parties concerned.

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KNYSNA MUNICIPALITY

LIABILITY, INVESTMENT AND CASH MANAGEMENT POLICY

Effective date: 1 July 2012

Draft Liability, Investment and Cash Management Policy

TABLE OF CONTENTS

		Page
1.	**Introduction ……..**	**2**
2.	**Regulatory Framework……**	**2**
	2.1 Legislation – MFMA 56 of 2003	
	2.2 Council approved policies	
	2.3 Management Instructions	
	2.4 Activity flow charts	
	2.5 Job descriptions	
3.	**Objectives …..……..**	**2**
4.	**Responsibility & Accountability ……..……...**	**2**
5.	**Borrowing Policy ……..……**	**4**
	5.1 General Policy	
	5.2 Borrowing Limits	
	5.3 Liquidity and Credit Risk Management	
	5.4 Security	
	5.5 Repayment	
	5.6 Contingent Liabilities	
	5.7 Foreign Currency Borrowing	
6.	**Investment Policy ……..……...……..**	**6**
	6.1 General Policy	
	6.2 Diversification	
	6.3 Quotations	
	6.4 Ownership	
	6.5 Investment Managers	
7.	**Cash Management Policy …….**	**7**
	7.1 General Policy	
	7.2 Bank Account	
	7.3 Bank Overdraft	
8.	**Performance Management ……..……...**	**8**
	8.1 Borrowing	
	8.2 Investments	
	8.3 Debtors	
9.	**Reporting ……**	**8**
	9.1 Reports	
10.	**Delegated Authorities & Key Internal Controls ……..**	**9**
	10.1 Delegated Authorities	
	10.2 Key Internal Controls	
11.	**Public Participation**	**10**
12.	**Review of Policy……**	**10**

LIABILITY, INVESTMENT AND CASH MANAGEMENT POLICY

1. INTRODUCTION

1.1 As the trustee of public funds Council is exposed to risks that may arise from debt raising, investments and associated interest rate management activity.

1.2 The purpose of this policy is to ensure that public funds are safeguarded and risk is reduced to an acceptable level within a regulatory framework.

1.3 This policy is required in terms of the provision of the MFMA (Act 56 of 2003).

2. REGULATORY FRAMEWORK

- Legislation – Municipal Finance Management Act 56 of 2003
- Treasury regulations in terms of Section 13(1) of the Act.

3. OBJECTIVES

- To comply with the regulatory framework in terms of the relevant legislation.
- To manage Council's investments within it's strategic objectives and invest surplus cash in liquid and creditworthy approved institutions.
- To raise appropriate finance, whilst recognizing maturity and interest rates, in accordance with budgetary requirements.
- To manage the overall cash position of Council's operations.

In meeting the above objectives, Council is, above all, a risk averse entity and seeks to minimise risk within its financial management activities. Interest rate risk, liquidity risk and credit risk are risks that Council needs to manage. Accordingly any activity which may be construed as speculative in nature is expressly forbidden.

4. RESPONSIBILITY AND ACCOUNTABILITY

The key responsibilities in terms of the MFMA are:

Council

- Approve borrowing during Annual Planning process, in line with the budget and IDP.
- Approve additional new borrowing not determined during the annual planning process.
- Approve Cash Management Policy.

Accounting Officer (Municipal Manager)

- Opening and closing bank accounts
- Formally review the treasury policy at least once every 2 years.
- Delegate authority to the Accountant: Treasury.

Director: Finance (CFO)

- Negotiate borrowing facilities with approved lending institutions.
- Review bi-annual reports to monitor compliance with policy, procedures and risk limits.
- Recommend amendments to the policy and procedures to Council for approval.
- Overall responsibility for all activities relating to implementation of approved policy.
- Manage Council's relationship with financial institutions.
- Determine most appropriate source and terms and conditions of borrowing and recommend such to Council for approval.

Manager: Budget Office (MBO)

- Management responsibility for implementing policy relating to borrowing, investment and risk management activity.

Accountant: Treasury

- Responsible for keeping the Manager: Budget Office informed of significant policy activity and market trends.
- Execute daily cash management, investment, borrowing and risk management activities.
- Arrange all borrowing documentation and prepare authorization resolutions.
- Produce monthly reports on investment, borrowing and risk management activity.
- Annual review of credit ratings of banks.
- Ensure all borrowing has been approved by Council.

5. BORROWING POLICY

5.1 General Policy

Council borrows money by raising loans as it considers appropriate. Council approves borrowing by resolution. Projected debt levels are ascertained from detailed cash flow forecasts prepared during the Strategic and Annual Planning process, in line with the budget and IDP.

Council raises money for the primary purpose of investment in assets, i.e. property, plant or equipment to be used for the purpose of achieving the objectives of local government as set out in section 152 of the Constitution of South Africa.

In evaluating new borrowings (in relation to source, term, size and pricing) the Director: Finance will take into account the following:

5.1.1 The size of the loan in relation to the economic life of the project.

5.1.2 Revenue, if any, flowing from the project.

5.1.3 The impact of the new debt on total debt and therefore on the borrowing limits.

5.1.4 Relevant margins under terms and conditions of each borrowing source.

5.1.5 Council's overall debt maturity profile, to avoid concentration of debt at re-issue/rollover time.

5.1.6 Prevailing interest rates relative to term for both stock issuance and bank borrowing and management's view of future interest rate movements.

5.1.7 Available terms from banks as well as stock issuance or annuity loans.

5.1.8 Legal documentation and financial covenants.

5.1.9 Impact on the relevant tariffs (in case of specific assets) or property rates in case of general assets.

5.2 Borrowing Limits

In managing borrowing Council will adhere to the following limits (based on Council's latest core financial statements):

5.2.1 The maximum level of all long term external debt will not exceed 25% of total carrying value of non-current assets.

5.2.2 The gross interest and redemption expense of all external long term borrowing will not exceed 15% of total own revenue as reflected in the Statement of Financial Performance.

5.3 Liquidity and Credit Risk Management

Council's ability to readily raise cost effective borrowing depends on its ability to maintain a strong balance sheet as well as its ability to generate property rates income, manage its image in the money and capital markets and its relationships with bankers.

Council needs to ensure funds are available for repayment of debt; that maturities of investments and debt are matched through rolling cash flow forecasts; that investments are maintained in liquid assets and that funds are available through committed and/or uncommitted bank facilities.

5.4 Security

As a general principle, Council will not offer assets or special rates as security for general borrowing programs, however:-

In the event of the lending institutions stipulating a requirement, Council may approve security by way of:

5.4.1 Charging a deemed rate or percentage of rates and/or service revenue; or
5.4.2 In special circumstances levy a charge over one or more of the Council's assets; or
5.4.3 Offer the project to be funded by the loan(s) as security for the loan(s).

5.5 Repayment

The Council will repay the capital and interest of each loan from the budget allocated to that particular loan.

5.6 Contingent Liabilities

Council may from time to time, provide financial guarantees within its legal capacity. Management will ensure that the business plan of the guaranteed party furthers the strategic objectives of Council and that financial statements are received on a regular basis. Before granting a guarantee Council will secure collateral guarantees from the organization members.

These actions to be guided by S50 of the MFMA.

5.7 Foreign Currency Borrowing

Council may not raise loans in a foreign currency.

6. INVESTMENT POLICY

6.1 General Policy

Generally Council will invest surplus funds with deposit taking institutions registered in terms of the Bank's Act, 1990 (Act 94 of 1990), for terms not exceeding one year in anticipation of cash flow expectations.

From time to time, with prior Council approval, investments can exceed 1 [one] year and be made at other institutions/instruments as approved in the *national* treasury regulations from time to time.

6.2 Diversification

Council will only make investments with approved institutions which have an A rating.

As a general rule, not more than 40% of available funds be placed with a single institution depending upon prevailing market conditions. (Excluding investments made per Council resolution).

That the 40% be used as a guideline, as council has ceded investments which affect the total percentage of available funds to be placed with a single institution.

6.3 Quotations

Prior to an investment being made at least three [3] written quotations must be obtained.

Acceptance of the above must be governed in order of priority by:

6.3.1 Preservation and safety of principal;
6.3.2 Liquidity;
6.3.3 Yield;

6.3.4 Where appropriate, match dates of repayment of maturing loans.

6.4 Ownership

All investments must be made in the name of Knysna Municipality.

6.5 Investment Managers

If Investment Managers and/or Firms are to be used for the management of the entire investment portfolio of Council, then these services can only be utilised with prior Council approval based on cost effective considerations.

Should an Investment Management Firms be utilised for placing of individual investments, this must be done in terms of this policy as is the case for an investment with any approved financial institution.

7. CASH MANAGEMENT POLICY

7.1 General Policy

It is recognised that from time to time, Council has both cash flow surpluses and borrowing requirements due to daily receipts and payments.

Council maintains a daily cash position summary and a yearly cash flow projection is prepared during the annual planning process and is updated monthly. This determines Council's borrowing requirements and surpluses for investment. Cash invested "outside" the bank account is covered by section 6 of this policy.

7.2 Bank Account

Council operates one primary bank account and the following secondary accounts for its day to day operational activity requirements.

- Cash account - day to day cash activities
- Vat account – VAT 201 claims received from SARS
- Revenue account – traffic fines paid to the municipality which are cleared daily to the primary account

All monies due to Council and due by Council emanating from Council activities must pass through the primary account.

7.3 Bank Overdraft

7.3.1 Council policy is, as far as is possible, to avoid going into overdraft.

Short-term debt will only be incurred based on expected income and must be repaid within the same financial year. (S45 of the MFMA)

7.3.2 Any overdrawn bank account at any date must be reported to the next available Council meeting with the attendant reasons.

7.3.3 Any short term facility that requires review must first be submitted to Council for agreement.

8. PERFORMANCE MEASUREMENT

Measuring the effectiveness of Council's treasury activities is achieved through a mixture of subjective measures. The predominant subjective measure is the overall quality of treasury management information. The Director: Finance has primary responsibility for determining this overall quality. Objective measures include:-

8.1 Borrowing:

8.1.1 Adherence to policy.
8.1.2 Unplanned overdraft costs.
8.1.3 Comparison of actual monthly and year to date costs vs budget borrowing rate.

8.2 Investments:

8.2.1 Adherence to policy.
8.2.2 Timely receipt of interest income.

9. REPORTING

9.1 Reports

The following reports are produced:

Report Name	Frequency	Prepared by	Recipient
Investment	Monthly	Accountant: Treasury	Manager Budget Office, Director Finance, Council
Debt Report (Borrowing Monitoring Return)	Quarterly	Accountant: Treasury	Manager Budget Office, Director Finance, Council

10. DELEGATED AUTHORITIES & KEY INTERNAL CONTROLS

10.1 Delegated Authorities

ACTIVITY	RESPONSIBILITY
Alter policy	Council
Approve principal banker	Council
Open/close bank accounts	Municipal Manager
Cheque signatories	Municipal Manager
Approve new borrowing	Council
Arrange new loans	Director: Finance
Manage investments	Director: Finance
Transfers of stock (selling of investments)	Director: Finance
Register new debt issues	Director: Finance

10.2 Key Internal Controls

Sound treasury procedures with appropriate controls are required to minimize risks the Council may experience through unauthorized treasury activity or unintentional error. The following key internal controls are adhered to: (taking cognizance of requirements of Auditor General, Internal Audit and Audit Committee).

10.2.1 Organisational Controls

- Director: Finance has responsibility for establishing appropriate structures, procedures and controls to support borrowing, investment cash management and risk management activity.

- All borrowing, investment, cash management and risk management activity is undertaken in accordance with approved delegations.

Cheque/Electronic Banking Signatories

- Approved by Municipal Manager.

- Dual signatures are required for all cheques and electronic transfers (at least one primary signature).

- Cheques must be in the name of the counterparty crossed “Not Transferable” via the Council bank account except the “Cash” account which must always be at minimum levels.

- No cash cheques may be issued.

- Cash floats may be utilized. The level of the float may not exceed R1000 and will be decided upon by the relevant manager in conjunction with the Director: Finance.

Authorised Personnel

- All counterparties are provided with a list of personnel approved to undertake transactions, standard settlement instructions and details of personnel able to receive confirmations.

10.2.2 **Borrowing**

In addition to the controls listed under Section 10.2.1, the following controls apply to borrowing:

- Borrowing activity is undertaken within the borrowing limits specified in Section 5 of the policy.

10.2.3 **Investments**

In addition to the controls listed under Section 10.2.1, the following controls apply to investments:

- Investment activity is undertaken within limits specified in Section 7 of the policy.

- All deliverable certificates of investments for example, bank bills are to be held in safe custody.

11. Public Participation

All borrowing and investments exceeding a term of [1] one year must be advertised in the local press to promote transparency and the public participation process.

12. Review

This Liability, Investment and Cash Management Policy is the only policy of the municipality and replaces any past policies in this regard. Any revision of this policy must be approved by Council.

This policy must be reviewed and submitted for consideration by Council on an annual basis.

KNYSNA MUNICIPALITY

PROPERTY RATES POLICY

Draft Rates Policy (28 March 2012)

PROPERTY RATES POLICY:

T A B L E O F C O N T E N T S

1.	BACKGROUND	3
2.	LEGISLATIVE CONTEXT	3
3.	DEFINITIONS	3
4.	PRINCIPLES	6
5.	CATEGORIES OF PROPERTY	6
6.	EXCLUSION OF RATEABLE PROPERTY FROM THE PAYMENT OF RATES	7
7.	DIFFERENTIAL RATE TARIFFS	8
8.	RELIEF MEASURES RELATED TO CATEGORIES OF PROPERTIES	8
9.	SPECIAL CASES	9
10.	REBATES AND GRANTS	9
11.	CRITERIA FOR INCREASING OF RATE TARIFFS	10
12.	REDUCTIONS IN MARKET VALUES	10
13.	LIABILITY FOR RATES	10
14.	COSTS OF EXEMPTIONS, REBATES AND REDUCTIONS	12
15.	LOCAL, SOCIAL AND ECONOMIC DEVELOPMENT	12
16.	REGISTER OF PROPERTIES	12
17.	NOTIFICATION OF RATES	12
18.	CORRECTION OF ERRORS AND OMISSIONS	13
19.	FREQUENCY OF VALUATIONS	13
20.	SHORT TITLE	13

KNYSNA MUNICIPALITY

DRAFT RATES POLICY 2012/13

1. BACKGROUND

In 2011, the Knysna Municipality initiated a process to prepare a General Valuation Roll of all property situated within the geographical boundaries of the municipality in terms of the Local Government: Municipal Property rates Act, 6 of 2004 (MPRA), which became operative on 2 July 2005. This policy is formulated in terms of section 3 of the MPRA.

2. LEGISLATIVE CONTEXT

2.1 In terms of section 229 of the Constitution, a municipality may impose rates on property.

2.2 In terms of section 4(1)(c) of the Local Government: Municipal Systems Act, 32 of 2000 (MSA), a municipality has the right to finance the affairs of the municipality by imposing, inter alia, rates on property.

2.3 In terms of section 2(1) of the MPRA, a municipality may levy a rate on property in its area in accordance with the other provisions of the MPRA.

2.4 This policy must be read together with, and is subject to the provisions of the MPRA and the Knysna Municipality Rates By-Law.

2.5 In terms of Section 8(1) of the MPRA, the Municipality is levying rates on the use of the property.

3. DEFINITIONS

In this policy, unless the context indicates otherwise—

"Act" means the Local Government Municipal Property Rates Act, 2004 (No.6 of 2004);

"Agricultural" means a farm registered as such for income tax purposes in the current year.

"Green rebate" means a rebate granted by Council on a property, the aim of which is to encourage the retention of the unique environment that embodies the naturally Knysna goal and objectives.

"Heritage" means a property containing a building or other heritage resource of national, provincial, or municipal significance.

"Major accommodation establishment" means a facility that provides for lettable residential and non-residential units or homes, holiday or self-catering accommodation on a regular, seasonal and continuous basis where the total

number of lettable bedrooms exceeds eight or the property offers restaurant and/or bar and/or conference facilities.

"Market value", in relation to a property, means the value of the property determined in accordance with section 46 of the Act;

"Minor accommodation establishment" means a facility that provides for lettable residential and non-residential units or homes, holiday or self-catering accommodation on a regular, seasonal and continuous basis in addition to its primary use for a single family residence where the number of lettable bedrooms does not exceed eight.

"Non-residential" means all property other than those defined as residential.

"New Business incentive rebate" means a rebate granted, on an inclining scale, on a property used for a new business brought to the area.

"Permitted use", in relation to a property, means the limited purposes for which the property may be used in terms of –

(a) any restrictions imposed by-

(i) a condition of title;

(ii) a provision of a town planning or land use scheme; or

(iii) any legislation applicable to any specific property; or

(b) any alleviation of any such restrictions;

"Property" means-

(a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;

(b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;

(c) a land tenure right registered in the name of a person or granted to a person in terms of legislation;

"Protected area" means an area that is listed in the register referred to in section 10 of the National Environmental Management: Protected Areas Act 2003.

"Public Benefits Organisation" means an organisation conducting specified public benefit activities as defined in the Act and registered in terms of the Income Tax act for tax reductions because of those activities.

"Public Service Infrastructure" means publicly controlled infrastructure of the following kinds:

(a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;

(b) water or sewer pipes, ducts or other conduits, dams and water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;

(c) Power substations or power lines forming part of an electricity scheme serving the public;

(d) railway lines forming part of a national railway system;

(e) communication towers, masts, exchanges or lines forming part of a communication system serving the public;

(f) breakwater, sea walls, channels, basin, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising any device or system used to assist the safe and efficient navigation of vessels;

(g) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (f)

"Residential" means improved property that is:

Used predominantly (60% or more) for residential purposes, with not more than two dwelling units per property, and includes any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. (Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes), or

A unit registered in terms of the Sectional title Act, used predominantly (60% or more) for residential purposes, and includes any unit in the same Sectional Title Scheme registered in the name of the same owner which used together with the residential unit as if it were one property, for example a garage or domestic workers quarters. (Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes and for clearance application purposes), or

Owned by a share-block company and used predominantly (60% or more) for residential purposes, or

Retirement schemes and life right schemes used predominantly (60% or more) for residential purposes.

"Rural" means a property previously defined for rates purpose as agricultural but used predominantly for residential purposes.

"State-owned" means property owned by the State, which are not included in the definition of public service infrastructure in the Act. These properties are classified as follows:

(a) State properties that provide local services

(b) State properties that provide regional/municipal district-wide/metro-wide services.

(c) State properties that provide a provincial/national service.

4. PRINCIPLES

The following principles ensure that the municipality treats persons liable for rates equitably:

- Equity

  The municipality will treat ratepayers with similar properties in a like manner

- Affordability

  The ability of a person to pay rates will be taken into account by the municipality. The municipality may provide relief measures through specified exemptions, reductions or rebates to the poor or indigent as defined in Council's Indigent policy.

The Municipality may:-

- levy different rate tariffs on different categories of properties,
- exempt a specific category of property from payment of rates,
- grant a rebate on, or a reduction in, the rate payment.

Council also pledges itself to limit each maximum annual increase, as far as is practicable, to the increase stipulated by National Treasury in the appropriate annual Budget Circular except when the approved integrated development plan of Council requires a greater increase or there has been a significant change in the valuation of a property.

5. CATEGORIES OF PROPERTY

Properties will be categorised as follows:-

(a) Residential
(b) Non- residential
(c) Minor Accomodation Establishments
(d) Major Accomodation Establishments
(e) Agricultural
(f) Rural used for-

  (i) residential purposes;
  (ii) non-residential purposes;
  (iii) minor accommodation establishments;
  (iv) major accommodation establishments.

(g) State-owned:

(i) That provide local services
(ii) That provide regional/municipal/district-wide services
(iii) That provide provincial/national services

(h) Municipal

(i) Public Open Spaces and Private Open Spaces.

(j) Public service infrastructure.

(k) Protected areas.

(l) Properties owned by public benefit organisations

(m) Properties used for multiple purposes

(n) Heritage areas

(o) Properties-

(i) acquired through Provision of Land and Assistance Act, 1993 (No 126 of 1994) or the Restitution of Land Rights Act, 1994 (No 22 of 1994); or
(ii) subject to the Communal Property Associations Act, 1996 (No 28 of 1996).

(p) Such other property as Council may from time to time identify.

6. EXCLUSION OF RATEABLE PROPERTY FROM THE PAYMENT OF RATES

The following properties will be excluded from the payment of rates:-

- properties of which the municipality itself is the owner:-
- public service infrastructure:-
- rights registered against immovable property in the name of a person:-
- land owned by a registered religious body or organisation, and exclusively used as a place of assembly for public worship:-
- properties registered or recognised as private nature reserves in terms of relevant legislation, which are not developed or used for commercial, business, agricultural or residential purposes.

7. DIFFERENTIAL RATE TARIFFS

7.1 GENERAL

The following may be taken into consideration in determining differential rate tariffs:

- The use of the property.
- The rural area where the property is situated.
- The nature of the property including the impact of rates on its operations eg agricultural properties used for farming purposes.
- The promotion of social and economic development of the municipality.

7.2 MULTI USE PROPERTIES

Property tax on properties used for multiple purposes will be determined by:

Apportioning the market value of the property to the different purposes for which the property is used.
Applying the relevant rate tariff to the corresponding market value.

8. RELIEF MEASURES RELATED TO CATEGORIES OF PROPERTIES

NOTE: IN ADDITION TO WHAT IS SET OUT BELOW, COUNCIL MAY ANNUALLY DETERMINE A BASE VALUE WHICH WILL BE DEDUCTED FROM THE MARKET VALUE PER THE VALUATION ROLL, IN COMPUTING THE RATE LIABILITY.

8.1 CRITERIA FOR EXEMPTIONS, REBATES AND REDUCTIONS

The following will be taken into consideration for the purpose of granting exemptions, rebates and reductions:

- Indigent status of the owner of a property.
- Nature, amount and source of income of the owner of a property. (eg pensions & social grants)
- Market value of residential property below a determined threshold.
- Social or economic conditions of the area where the owners of property are located e.g. an area declared by the national or provincial government to be a disaster area within the meaning of Disaster Management Act, 2002 (Act.57 of 2002)
- Retention and restoration of conservation worthy buildings.
- Owners of agricultural properties who are registered with the Receiver of Revenue as *bona fide* farmers.
- The need to preserve the unique natural environment that is Knysna

- The requirements of the Property Rates Act no 6 of 2004.

9. SPECIAL CASES

9.1 PUBLIC BENEFIT ORGANISATIONS

Taking into account the effects of rates on Public Benefit Organisations performing a specific public benefit activity and registered in terms of the Income Tax Act for tax reduction because of those activities, it is proposed that Public Benefit Organisations (PBOs) performing the following specified public benefits activities will be granted a rebate of 75%.

- Welfare and humanitarian, such as providing disaster relief.
- Health Care, such as the counselling, care and treatment of persons (and their dependants) afflicted with HIV and AIDS.

9.2 PUBLIC SERVICE INFRASTRUCTURE

All public service infrastructure providing essential services to the community shall be exempted from the payment of rates.

9.3 STATE PROPERTIES

State properties (eg Schools, clinics, police stations etc.) that provide local services are exempted from rates to the extent of 20% of its value.

9.4 RELIGIOUS ORGANISATIONS

The official residence registered in the name of a religious community and occupied by a full time office bearer shall be exempt from rates.

10. REBATES AND GRANTS

Rebates for the following categories of properties may be considered:

(a) Residential properties (including flats and sectional title units)

(b) Minor Accommodation Establishments

(c) Agricultural properties

(d) Protected areas

(e) State owned properties

(f) Heritage areas

(f) Rural properties as defined

Over and above the determinations contemplated in section 17(1)(h) of the Act owners of property who depend on pensions or social grants for their livelihood may qualify for a rebate as determined by Council's Indigent policy.

11. CRITERIA FOR INCREASING RATE TARIFFS

The following will be taken into account for the purpose of increasing/decreasing rates:

- Priorities of a municipality reflected in its Integrated Development Plan.
- The revenue needs of the municipality.
- Affordability of rates to ratepayers.

11.1 The municipality will consider the imposition of rates annually during the budget process.

11.2 All increases in property rates will be communicated to the community in terms of Section 21 A of the Municipal Systems Act (Act no. 32 of 2000).

12. REDUCTIONS IN MARKET VALUES

(1) A reduction in the municipal valuation as contemplated in section 15 (1) (b) of the Act, may be granted where the value of a property is affected by fire damage, demolition or flood.

(2) The reduction will be granted by the Chief Financial Officer only after a valuer has carried out an inspection of the property concerned.

13. LIABILITY FOR RATES

(1) Annual Payment Arrangements

By prior arrangement Knysna Municipality will recover the rates levied in a single amount, which is due on or before 31 July of the year in which it is levied. Applications must be submitted before 31 May for this option however the Director: Finance may consider any applications after this date on merit.

(2) Method and time of payment

Knysna Municipality will recover the rates levied in periodic instalments of equal amounts over twelve months. The instalment is payable on or before the last working day of every month, following the month in which it has been levied. Interest will be charged at 1% above the prime interest rate for any late payments received.

(3) Recovery of arrear rates from tenants, occupiers and agents

If an amount due for rates levied in respect of a property is unpaid after the day determined, the municipality may recover the amount in whole or in part from a tenant or occupier of the property. The amount the municipality might recover from the tenant or occupier of the property is limited to the amount of the rent or other money due and payable by the tenant or occupier to the owner of the property. Any amount the municipality recovers from the tenant or occupier of the property may be set off, by the tenant or occupier, against any money owed by the tenant or occupier to the owner.

The municipality may recover the amount due for rates from an agent of the owner after it has given written notice to that agent or person. The amount the municipality may recover from the agent or other person is limited to the amount of rent received by the agent or person, less the commission due to that agent or person, subject to the Estate Agents Act, 1976 (Act No. 112 of 1976). The agent or other person must, on request by the municipality, furnish the municipality with a written statement specifying all payments for rent on the property received by that agent or person during a period determined by the municipality.

(4) Ownership

Properties, which vest in the municipality during developments, i.e. open spaces and roads, will be transferred at the cost of the developer to the municipality. Until such time, rates levied will be for the account of the developer.

(5) Interim Valuation Debits

In the event that a property has been transferred to a new owner and rates emanating from a supplementary valuation become due and payable, the previous owner as well as the new owner will be held jointly and separately responsible for the settlement of the interim rates account.

(6) Developments

The developer of a property will be liable for all rates raised on the development until the individual units are transferred to the new owners including properties which must be transferred to the municipality in terms of the land use ordinance and development agreement.

(7) Clearance Certificate

Rates Clearance Certificates will be valid till 30 June if monies have been paid in full until such date. However, should attorneys request to extend the certificate for 120 days beyond this date, and this extension of time surpasses the date of 30 June, the new year's rates become payable in full.

No Clearance Certificates will be issued if there are any outstanding amounts on a sellers municipal account.

(8) Levying of rates on property in sectional title schemes

A rate on property, which is subject to a sectional title scheme, will be levied on the individual sectional title units in the scheme. However, in valuing the sectional title unit there shall be included in that value the owners proportionate share of the value of the common use areas such as gardens, roads, swimming pools, passages etc.

14. COSTS OF EXEMPTIONS, REBATES AND REDUCTIONS

(1) During the budget process the Chief Financial Officer must inform Council of all costs associated with exemptions, rebates and reductions.

(2) Provision must be made on the operating expenditure budget for:

(a) the full potential income associated with property rates; and

(b) the full costs associated with exemptions, rebates and reductions.

15. LOCAL, SOCIAL AND ECONOMIC DEVELOPMENT

(1) The municipality may grant rebates to organisations that promote local, social and economic development based on the criteria determined in its local, social and economic development policy(s). The following criteria will apply:

(a) job creation in the municipal area;

(b) social upliftment of the local community; and

(c) creation of infrastructure for the benefit of the community.

(2) Rebates may be granted up to 100% of the rates payable and must be phased out within 3 years from the date that the rebate was granted for the first time.

16. REGISTER OF PROPERTIES

The Chief Financial Officer must draw up and maintain a register of properties as contemplated as section 23 of the Act.

17. NOTIFICATION OF RATES

(1) Council will give notice of all rates approved at least 30 days prior to the date that the rates become effective. Accounts delivered after the 30 days notice will be based on the new rates.

(2) A notice stating the purport of the Council resolution, date on which the new rates shall become operational will be displayed by the municipality at places installed for that purpose.

18. CORRECTION OF ERRORS AND OMISSIONS

Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll. In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

19. FREQUENCY OF VALUATIONS

The municipality shall prepare a new valuation roll from time to time and a supplementary valuation roll at least once a year.

20. SHORT TITLE

This policy is the Property Rates Policy of the Knysna Municipality.

KNYSNA MUNICIPALITY

DRAFT SUPPLY CHAIN MANAGEMENT POLICY

MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY
LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003
Date of adoption: 20 April 2011

Council resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the following proposal as the Supply Chain Management Policy of the Municipality.

Contents

1. Definitions 4

CHAPTER 1 – Implementation of Supply Chain Management Policy

2. Supply chain management policy ……..…… 5
3. Amendment of supply chain management policy ……..…… 5
4. Delegation of supply chain management powers and duties ……..…….. 6
5. Subdelegations …… 7
6. Oversight role of council ……..……. 8
7. Supply chain management units ……..…….. 8
8. Training of supply chain management officials ……...……. 9

CHAPTER 2 – Supply Chain Management System

9. Format of supply chain management system ……..…….. 9

Part 1: Demand management

10. System of demand management ……..……. 9

Part 2: Acquisition management

11. System of acquisition management ……..……. 10
12. Range of procurement processes ……..……. 10
13. General preconditions for consideration of written quotations or bids …… 11
14. Lists of accredited prospective providers ……... 11
15. Petty cash purchases ……...……... 12
16. Written or verbal quotations ……..…….. 12
17. Formal written price quotations ……..…….. 12
18. Procedures for procuring goods or services through written or verbal quotations and formal written price quotations ……..…… 13
19. Competitive bidding process ……..……. 14
20. Process for competitive bidding …….. 14

21. Bid documentation for competitive bids …… 14
22. Public invitation for competitive bids …… 15
23. Procedure for handling, opening and recording of bids …… 16
24. Negotiations with preferred bidders …….. 16
25. Two-stage bidding process …… 16
26. Committee system for competitive bids …… 17
27. Bid specification committees …… 17
28. Bid evaluation committees ……... 18
29. Bid adjudication committees …… 18
30. Procurement of banking services …… 19
31. Procurement of IT related goods or services …… 20
32. Procurement of goods and services under contracts secured by other organs of state … 20
33. Procurement of goods necessitating special safety arrangements …… 21
34. Proudly SA Campaign …… 21
35. Appointment of consultants …… 21
36. Deviation from, and ratification of minor breaches of, procurement processes …… 21
37. Unsolicited bids …… 22
38. Combating of abuse of supply chain management system …… 23

Part 3: Logistics, Disposal, Risk and Performance Management

39. Logistics management …… 24
40. Disposal management …… 25
41. Risk management …… 26
42. Performance management ……26

Part 4: Other matters

43. Prohibition on awards to persons whose tax matters are not in order …… 26
44. Prohibition on awards to persons in the service of the state …… 26
45. Awards to close family members of persons in the service of the state …… 27
46. Ethical standards …… 27
47. Inducements, rewards, gifts and favours …… 27
48. Sponsorships …… 28
49. Objections and complaints …… 28
50. Resolution of disputes, objections, complaints and queries …… 28
51. Contracts providing for compensation based on turnover …… 29
52. Commencement …… 29
53. Appendices …… 30

1. Definitions

In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and –

"competitive bidding process" means a competitive bidding process referred to in paragraph 12 (1) (d) of this Policy;

"competitive bid" means a bid in terms of a competitive bidding process;

"final award", in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

"formal written price quotation" means quotations referred to in paragraph 12 (1) (c) of this Policy;

"in the service of the state" means to be –

(a) a member of –
  (i) any municipal council;
  (ii) any provincial legislature; or
  (iii) the National Assembly or the National Council of Provinces;
(b) a member of the board of directors of any municipal entity;
(c) an official of any municipality or municipal entity;
(d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
(e) a member of the accounting authority of any national or provincial public entity; or
(f) an employee of Parliament or a provincial legislature;

"long term contract" means a contract with a duration period exceeding one year;

"list of accredited prospective providers" means the list of accredited prospective providers which the municipality must keep in terms of paragraph 14 of this policy;

"other applicable legislation" means any other legislation applicable to municipal supply chain management, including –

(a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
(b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
(c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);

"Treasury guidelines" means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

"the Act" means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

"the Regulations" means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

"written or verbal quotations" means quotations referred to in paragraph 12(1)(b) of this Policy.

CHAPTER 1 – Implementation of Supply Chain Management Policy

2. Supply Chain Management Policy

(1) All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that

(a) gives effect to –

(i) section 217 of the Constitution; and

(ii) Part 1 of Chapter 11 and other applicable provisions of the Act;

(b) is fair, equitable, transparent, competitive and cost effective;

(c) complies with –

(i) the Regulations; and

(ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;

(d) is consistent with other applicable legislation;

(e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and

(f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.

(2) This Policy applies when the municipality -

(a) procures goods or services;

(b) disposes goods no longer needed;

(c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or

(d) selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.

(3) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –

(a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and

(b) electricity from Eskom or another public entity, another municipality or a municipal entity.

3. Amendment of the supply chain management policy

(1) The accounting officer must –

(a) at least annually review the implementation of this Policy; and

(b) when the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the Council.

(2) If the accounting officer submits proposed amendments to the Council that differs from the model policy issued by the National Treasury, the accounting officer must –

(a) ensure that such proposed amendments comply with the Regulations; and

(b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.

(3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

4. Delegation of supply chain management powers and duties

(1) The Council hereby delegates all powers and duties to the accounting officer which are necessary to enable the accounting officer –

(a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –

(i) Chapter 8 or 10 of the Act; and

(ii) this Policy;

(b) to maximise administrative and operational efficiency in the implementation of this Policy;

(c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and

(d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

(2) Sections 79 and 106 of the Act apply to the subdelegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).

(3) The accounting officer may not subdelegate any supply chain management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality;

(4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

5. Subdelegations

(1) The accounting officer may in terms of section 79 or 106 of the Act subdelegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such subdelegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.

(2) The power to make a final award –

(a) above R10 million (VAT included) may not be subdelegated by the accounting officer;

(b) above R200 000 (VAT included), but not exceeding R10 million (VAT included), may be subdelegated but only to –

(i) the chief financial officer;

(ii) a senior manager; or

(iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or

(c) not exceeding R200 000 (VAT included) may be subdelegated but only to –

(i) the chief financial officer;

(ii) a senior manager;

(iii) a manager directly accountable to the chief financial officer or a senior manager; or

(iv) a bid adjudication committee.

(3) An official or bid adjudication committee to which the power to make final awards has been subdelegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including–

(a) the amount of the award;

(b) the name of the person to whom the award was made; and

(c) the reason why the award was made to that person.

(4) A written report referred to in subparagraph (3) must be submitted –

(a) to the accounting officer, in the case of an award by –

(i) the chief financial officer;

(ii) a senior manager; or

(iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or

(b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –

(i) a manager referred to in subparagraph (2)(c)(iii); or

(ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.

(5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.

(6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been subdelegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

(7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

6. Oversight role of Council

(1) The Council reserves its right to maintain oversight over the implementation of this Policy.

(2) For the purposes of such oversight the accounting officer must –

(a) whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the Council.

(3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor and the respective S80 committees.

(4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

(5) (a) The Council must adopt, by resolution, a procurement plan for each financial year.

(b) The procurement plan must be consistent with, and support the achievement of the strategic goals outlined in the Integrated Development Plan.

(c) The procurement plan must state:

(i) the retrospective analysis reflecting a profile of the relative expenditure;

(ii) the types of procurement activities proposed for the financial year;

(iii) how the procurement principles are to be applied for the activities; and

(iii) a policy about the making of the significant procurement activity plans.

(d) the implementation should be linked to the SDBIP

7. Supply chain management unit

(1) A supply chain management unit is hereby established to implement this Policy.

(2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

8. Training of supply chain management officials

The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.

CHAPTER 2 – Supply Chain Management System

9. Format of supply chain management system

This Policy provides systems for –

(i) demand management;

(ii) acquisition management;

(iii) logistics management;

(iv) disposal management;

(v) risk management; and

(vi) performance management.

Part 1: Demand management

10. System of demand management

(1) The accounting officer must establish and implement an appropriate demand management system in order to ensure that the resources required by municipality support its operational commitments and its strategic goals outlined in the Integrated Development Plan.

(2) The demand management system must –

(a) include timely planning and management processes to ensure that all goods and services required by municipality are quantified, budgeted for and timely and effectively delivered

at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;

(b) take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature; and

(c) provide for the compilation of the required specifications to ensure that its needs are met.

(d) To undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

Part 2: Acquisition management

11. System of acquisition management

(1) The accounting officer must implement the system of acquisition management set out in this Part in order to ensure –

(a) that goods and services are procured by municipality in accordance with authorised processes only;

(b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;

(c) that the threshold values for the different procurement processes are complied with;

(d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation;
and

(e) that any Treasury guidelines on acquisition management are properly taken into account.

(2) When procuring goods or services contemplated in section 110(2) of the Act, the accounting officer must make public the fact that such goods or services are procured otherwise than through the municipality's supply chain management system, including –

(a) the kind of goods or services; and

(b) the name of the supplier.

12. Range of procurement processes

(1) Goods and services may only be procured by way of –

(a) petty cash purchases, up to a transaction value of R2 000 (VAT included);

(b) written or verbal quotations for procurements of a transaction value over R2 000 up to R10 000 (VAT included);

(c) formal written price quotations for procurements of a transaction value over R10 000 up to R200 000 (VAT included); and

(d) a competitive bidding process for–

(i) procurements above a transaction value of R200 000 (VAT included); and

(ii) the procurement of long term contracts.

(2) The accounting officer may, in writing-

(a) lower, but not increase, the different threshold values specified in subparagraph (1); or

(b) direct that –

(i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000;

(ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or

(iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.

(3) **(a)** Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

(b) To encourage job creation as well as increased participation and sustainable growth of the Knysna small business sector, the unbundling of larger projects within a competitive bidding process into smaller more manageable, contracts should be encouraged and suitable performance measure be placed in the performance grids of the senior officials.

13. General preconditions for consideration of written quotations or bids

A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –

(a) has furnished that provider's –

(i) full name;

(ii) identification number or company or other registration number; and

(iii) tax reference number and VAT registration number, if any;

(b) has authorised the municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and

(c) has indicated –

(i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;

(ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or

(iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

14. Lists of accredited prospective providers

(1) The accounting officer must –

(a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written or verbal quotations and formal written price quotations; and

(b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;

(c) specify the listing criteria for accredited prospective providers; and

(d) disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.

(2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.

(3) The list must be compiled per commodity and per type of service.

15. Petty cash purchases

The conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1) (a) of this Policy, can be determined by the Accounting Officer or his nominee from time to time.

16. Written or verbal quotations

The conditions for the procurement of goods or services through written or verbal quotations, are as follows:

(a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the

municipality, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;

(b) to the extent feasible, providers must be requested to submit such quotations in writing;

(c) if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;

(d) the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and

(e) if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

17. Formal written price quotations

(1) The conditions for the procurement of goods or services through formal written price quotations, are as follows:

(a) quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality;

(b) quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1)(b) and (c) of this Policy;

(c) if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and

(d) the accounting officer must record the names of the potential providers and their written quotations.

(2) A designated official referred to in subparagraph (1) (c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

18. Procedures for procuring goods or services through written or verbal quotations and formal written price quotations

The procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, is as follows:

(a) when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;

(b) all requirements in excess of R30 000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and an official notice board of the municipality

(c) offers received must be evaluated on a comparative basis taking into account unconditional discounts;

(d) the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a subdelegation;

(e) offers below R30 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;

(f) acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;

(g) the requirements for proper record keeping can be determined by the Accounting Officer or his nominee from time to time.

19. Competitive bids

(1) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.

(2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

20. Process for competitive bidding

The procedures for the following stages of a competitive bidding process are as follows:

(a) Compilation of bidding documentation as detailed in paragraph 21;

(b) Public invitation of bids as detailed in paragraph 22;

(c) Site meetings or briefing sessions as detailed in paragraph 22;

(d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;

(e) Evaluation of bids as detailed in paragraph 28;

(f) Award of contracts as detailed in paragraph 29;

(g) Administration of contracts

(i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.

(h) Proper record keeping

(i) Original / legal copies of written contracts agreements should be kept in a secure place for reference purposes.

21. Bid documentation for competitive bids

The criteria to which bid documentation for a competitive bidding process must comply, must –

(a) take into account –

(i) the general conditions of contract and any special conditions of contract, if specified;

(ii) any Treasury guidelines on bid documentation; and

(iii) the requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;

(b) include the preference points system to be used , goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;

(c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;

(d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–

(i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –

(aa) for the past three years; or

(bb) since their establishment if established during the past three years;

(ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;

(iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;

(iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and

(e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

22. Public invitation for competitive bids

(1) The procedure for the invitation of competitive bids, is as follows:

(a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and

(b) the information contained in a public advertisement, must include –

(i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy;

(ii) a statement that bids may only be submitted on the bid documentation provided by the municipality; and

(iii) date, time and venue of any proposed site meetings or briefing sessions.;

(2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.

(3) Bids submitted must be sealed.

(4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

23. Procedure for handling, opening and recording of bids

The procedures for the handling, opening and recording of bids, are as follows:

(a) Bids–

(i) must be opened only in public;

(ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and

(iii) received after the closing time should not be considered and returned unopened immediately.

(b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;

(c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and

(d) The accounting officer must –

(i) record in a register all bids received in time;

(ii) make the register available for public inspection; and

(iii) publish the entries in the register and the bid results on the website.

24. Negotiations with preferred bidders

(1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –

(a) does not allow any preferred bidder a second or unfair opportunity;

(b) is not to the detriment of any other bidder; and

(c) does not lead to a higher price than the bid as submitted.

(2) Minutes of such negotiations must be kept for record purposes.

25. Two-stage bidding process

(1) A two-stage bidding process is allowed for –

(a) large complex projects;

(b) projects where it may be undesirable to prepare complete detailed technical specifications; or

(c) long term projects with a duration period exceeding three years.

(2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.

(3) In the second stage final technical proposals and priced bids should be invited.

26. Committee system for competitive bids

(1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:

(a) a bid specification committee;

(b) a bid evaluation committee; and

(c) a bid adjudication committee;

(2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and

(3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.

(4) The committee system must be consistent with –

(a) paragraph 27, 28 and 29 of this Policy; and

(b) any other applicable legislation.

(5) The accounting officer may apply the committee system to formal written price quotations.

27. Bid specification committees

(1) A bid specification committee must compile the specifications for each procurement of goods or services by the municipality.

(2) Specifications –

(a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;

(b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;

(c) must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;

(d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labeling of conformity certification;

(e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;

(f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and

(g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.

(3) A bid specification committee must be composed of one or more officials of the municipality preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.

(4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

28. Bid evaluation committees

(1) A bid evaluation committee must –

(a) evaluate bids in accordance with –

(i) the specifications for a specific procurement; and

(ii) the points system set out in terms of paragraph 27(2)(f).

(b) evaluate each bidder's ability to execute the contract;

(c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;

(d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

(2) A bid evaluation committee must as far as possible be composed of-

(a) officials from departments requiring the goods or services; and

(b) at least one supply chain management practitioner of the municipality.

29. Bid adjudication committees

(1) A bid adjudication committee must –

(a) consider the report and recommendations of the bid evaluation committee; and

(b) either –

(i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or

(ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.

(2) A bid adjudication committee must consist of at least four senior managers of the municipality which must include –

(a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and

(b) at least one senior supply chain management practitioner who is an official of the municipality; and

(c) a technical expert in the relevant field who is an official, if such an expert exists.

(3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

(4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.

(5)(a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –

(i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;

(ii) notify the accounting officer.

(b) The accounting officer may –

(i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and

(ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.

(6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.

(7) The accounting officer must comply with section 114 of the Act within 10 working days

(8) Bid Adjudication Committees must be open to the public.

30. Procurement of banking services

(1) A contract for banking services –

(a) must be procured through competitive bids;

(b) must be consistent with section 7 or 85 of the Act; and

(c) may not be for a period of more than five years at a time.

(2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.

(3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

31. Procurement of IT related goods or services

(1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.

(2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.

(3) The accounting officer must notify SITA together with a motivation of the IT needs if –

(a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or

(b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).

(4) If SITA comments on the submission and the municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

32. Procurement of goods and services under contracts secured by other organs of state

(1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –

(a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;

(b) there is no reason to believe that such contract was not validly procured;

(c) there are demonstrable discounts or benefits to do so; and

(d) that other organ of state and the provider have consented to such procurement in writing.

(2) Subparagraphs (1)(c) and (d) do not apply if –

(a) a municipal entity procures goods or services through a contract secured by its parent municipality; or

(b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

(3) Subparagraph (1) does not apply in respect of long term contracts.

33. Procurement of goods necessitating special safety arrangements

(1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.

(2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

34. Proudly SA Campaign

The municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:

- Firstly – suppliers and businesses within the municipality or district;
- Secondly – suppliers and businesses within the relevant province;

- Thirdly – suppliers and businesses within the Republic.

35. Appointment of consultants

(1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.

(2) Consultancy services must be procured through competitive bids if

(a) the value of the contract exceeds R200 000 (VAT included); or

(b) the duration period of the contract exceeds one year.

(3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –

(a) all consultancy services provided to an organ of state in the last five years; and

(b) any similar consultancy services provided to an organ of state in the last five years.

(4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.

36. Deviation from, and ratification of minor breaches of, procurement processes

(1) The accounting officer may –

(a) dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –

(i) in an emergency;

(ii) if such goods or services are produced or available from a single provider only;

(iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iv) acquisition of animals for zoos and/or nature and game reserves; or

(v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and

(b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.

(2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.

(3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

(4) Subparagraph (1) does not apply to the procurement of long term contracts.

37. Unsolicited bids

(1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.

(2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –

(a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;

(b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;

(c) the person who made the bid is the sole provider of the product or service; and

(d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.

(3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –

(a) reasons as to why the bid should not be open to other competitors;

(b) an explanation of the potential benefits if the unsolicited bid were accepted; and

(c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.

(4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.

(5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.

(6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.

(7) When considering the matter, the adjudication committee must take into account –

(a) any comments submitted by the public; and

(b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.

(8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial

treasury and the National Treasury the reasons for rejecting or not following those recommendations.

(9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

38. Combating of abuse of supply chain management system

(1) The accounting officer must–

(a) take all reasonable steps to prevent abuse of the supply chain management system;

(b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –

(i) take appropriate steps against such official or other role player; or

(ii) report any alleged criminal conduct to the South African Police Service;

(c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;

(d) reject any bid from a bidder–

(i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or

(ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;

(e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;

(f) cancel a contract awarded to a person if –

(i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or

(ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and

(g) reject the bid of a ny bidder if that bidder or any of its directors –

(i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;

(ii) has been convicted for fraud or corruption during the past five years;

(iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or

(iv) has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).

(2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

Part 3: Logistics, Disposal, Risk and Performance Management

39. Logistics management

The accounting officer must establish and implement an effective system of logistics management, which must include –

(a) the monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;

(b) the setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;

(c) the placing of manual or electronic orders for all acquisitions other than those from petty cash;

(d) before payment is approved , certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;

(e) appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;

(f) regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and

(g) monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

40. Disposal management

(1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act, are as follows:

(i) the Accounting Officer can approve the sale of movable assets with a value of less than R200 000.00 (with delegated authority from Council under Section 14(4) of the MFMA);

(ii) the Accounting Officer must establish an effective system of disposal management for the disposal or letting of assets, including unserviceable, redundant or obsolete assets.

(2) Assets may be disposed of by –

(i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;

(ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;

(iii) selling the asset; or

(iv) destroying the asset.

(3) The accounting officer must ensure that –

(a) immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;

(b) movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;

(c) firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;

(d) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;

(e) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;

(f) where assets are traded in for other assets, the highest possible trade-in price is negotiated; and

(g) in the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.

41. Risk management

(1) The criteria for the identification, consideration and avoidance of potential risks in the supply chain management system, are as follows:

(i) the Accounting Officer must establish an effective system of risk management for the municipality.

(2) Risk management must include –

(a) the identification of risks on a case-by-case basis;

(b) the allocation of risks to the party best suited to manage such risks;

(c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;

(d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and

(e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

42. Performance management

The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

Part 4: Other matters

43. Prohibition on awards to persons whose tax matters are not in order

(1) No award above R15 000 may be made in terms of this Policy to a person whose tax matters have not been declared by the South African Revenue Service to be in order.

(2) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.

(3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

44. Prohibition on awards to persons in the service of the state

Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy

(a) who is in the service of the state;

(b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or

(c) a person who is an advisor or consultant contracted with the municipality.

45. Awards to close family members of persons in the service of the state

The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –

(a) the name of that person;
(b) the capacity in which that person is in the service of the state; and
(c) the amount of the award.

46. Ethical standards

(1) A code of ethical standards as set out in **the "*National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management*"** is hereby established for officials and other role players in the supply chain management system of the municipality in order to promote –
   (a) mutual trust and respect; and
   (b) an environment where business can be conducted with integrity and in a fair and reasonable manner.

(2) A breach of the code of ethics must be dealt with as follows -
   (a) in the case of an employee, in terms of the disciplinary procedures of the municipality envisaged in section 67(1)(h) of the Municipal Systems Act;
   (b) in the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
   (c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

47. Inducements, rewards, gifts and favours to municipalities, officials and other role players

(1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
   (a) any inducement or reward to the municipality for or in connection with the award of a contract; or
   (b) any reward, gift, favour or hospitality to –
      (i) any official; or
      (ii) any other role player involved in the implementation of this Policy.

(2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or

intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.

(3) Subparagraph (1) does not apply to gifts less than R350 in value.

48. Sponsorships

The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –

(a) a provider or prospective provider of goods or services; or

(b) a recipient or prospective recipient of goods disposed or to be disposed.

49. Objections and complaints

Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

50. Resolution of disputes, objections, complaints and queries

(1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –

(a) to assist in the resolution of disputes between the municipality and other persons regarding –

(i) any decisions or actions taken in the implementation of the supply chain management system; or

(ii) any matter arising from a contract awarded in the course of the supply chain management system; or

(b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract

(2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.

(3) The person appointed must –

(a) strive to resolve promptly all disputes, objections, complaints or queries received; and

(b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.

(4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –

(a) the dispute, objection, complaint or query is not resolved within 60 days; or

(b) no response is forthcoming within 60 days.

(5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.

(6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

51. Contracts providing for compensation based on turnover

If a service provider acts on behalf of a municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate:

(a) a cap on the compensation payable to the service provider; and

(b) that such compensation must be performance based.

52. Commencement

This Policy takes effect on the 1 July 2011.

APPENDIX A – EXTRACTS FROM LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT NO. 56 0F 2003 (MFMA)

SECTION 14: DISPOSAL OF CAPITAL ASSETS

1) A municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.

2) A municipality may transfer ownership or otherwise dispose of a capital asset other than one contemplated in subsection 1), but only after the municipal council, in meeting open to the public-

   a) has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and

   b) has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

3) A decision by a municipal council that a specific capital asset is not needed to provide the minimum level of basic municipal services, may not be reversed by the municipality after that asset has been sold, transferred or otherwise disposed of.

4) A municipal council may delegate to the accounting officer of the municipality its power to make the determinations referred to in subsection 2) a) and b) in respect of moveable capital assets below a value determined by the council.

5) Any transfer of ownership of a capital asset in terms of subsection 2) or 4) must be fair, equitable, transparent, competitive and consistent with the supply chain management policy which the municipality must have and maintain in terms of section 111.

SECTION 19: CAPITAL PROJECTS

1) A municipality may spend money on a capital project only if-

   a) the money for the project, excluding the cost of feasibility studies conducted by and behalf of the municipality, has been appropriated in the capital budget referred to in section 17 (2);

   b) the project, including the total cost, has been approved by council

   c) section 33 has been complied with, to the extent that section may be applicable to the project; and

   d) the sources of funding have been considered, are available and have not been committed for other purposes.

2) Before approving a capital project in terms of subsection 1) b), the council of a municipality must consider-

   a) the projected cost covering all financial years until the project is operational; and

   b) the future operational costs and revenue on the project, including municipal tax and tariff implications.

A municipal council may in terms of subsection 1) b) approve capital projects below a prescribed value either individually or as part of a consolidated capital programme.

SECTION 33: CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

1) A municipality may enter into a contract which will impose financial obligations on the municipality beyond a financial year, but if the contract will impose financial obligations on the municipality beyond the three years covered in the annual budget for that financial year, it may do so only if-

   a) the municipal manager, at least 60 days before the meeting of the municipal council at which the contract is to be approved-

      i) has in accordance with section 21A of the Municipal Systems Act –

         (aa) Made public the draft contract and an information statement summarising the municipality's obligations in terms of the proposed contract; and

         (bb) Invited the local community and other interested persons to submit to the municipality comments or representations in respect of the proposed contract; and

      ii) has solicited the views and recommendations of-

         (aa) the National Treasury and the relevant provincial treasury

         (bb) the national department responsible for local government; and

         (cc) if the contract involves the provision of water, sanitation, electricity, or any other service as may be prescribed, the responsible national department;

   b) the municipal council has taken into account-

      i) the municipality's projected financial obligations in terms of the proposed contract for each financial year covered by the contract;

      ii) the impact of those financial obligations on the municipality's future municipal tariffs and revenue;

      iii) any comments or representations on the proposed contracts received from the local community and other interested persons

      iv) any written views and recommendations on the proposed contract by National Treasury, the relevant provincial treasury, the national department responsible for local government and any national department referred to in paragraph (a) (ii) (cc); and

   c) the municipal council has adopted a resolution in which-

      i) it determines that the municipality will secure a significant capital investment or will derive a significant financial economic of financial benefit from the contract;

      ii) it approves the entire contract exactly as it is to be executed; and it authorises the municipal manager to sign the contract on behalf of the municipality.

2) The process set out in subsection 1) does not apply to-

   a) contracts for long-term debt regulated in terms of section 46 (3);

   b) employment contracts; or

   c) contracts-

      i) for categories of goods as may be prescribed; or

      ii) in terms of which the financial obligation on the municipality is below-

         (aa) a prescribed value; or

         (bb) a prescribed percentage or the municipality's approved budget for the year in which the contract is concluded

3) (a) All contracts referred to in subsection 1) and all other contracts that impose a financial obligation on the municipality-

      i) must be made available in their entirety to the municipal council: and

      ii) may not be withheld from public scrutiny except as provided for in terms of the Promotion of Access of Information Act 2000 (Act No. 2 of 2000).

   b) Paragraph (a) i) does not apply to contracts in respect of which the financial obligation on the municipality is below a prescribed value.

4) This section may not be read as exempting the municipality from the provisions of Chapter 11 to the extent that those provisions are applicable in a particular case.

SECTION 90: DISPOSAL OF CAPITAL ASSETS

1) A municipality may not transfer ownership as a result of a sale or other transaction or otherwise dispose of a capital asset needed to provide the minimum level of basic municipal services.

2) A municipal entity may transfer ownership or otherwise dispose of a capital asset other than an asset contemplated in subsection (1), but only after the council of its parent municipality, in a meeting open to the public—

   (a) has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and

   (b) has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

3) A decision by a municipal council that a specific capital asset is not needed to provide the minimum level of basic municipal services may not be reversed by the municipality after that asset has been sold, transferred or otherwise disposed of.

4) A municipal council may delegate to the accounting officer of a municipal entity its power to make the determinations referred to in subsection (2)*(a)* and *(b)* in respect of movable capital assets of the entity below a value determined by the council.

5) Any transfer of ownership of a capital asset in terms of subsection (2) or (4) must be fair, equitable, transparent and competitive and consistent with the supply chain management policy which the municipal entity must have and maintain in terms of section 111.

6) This section does not apply to the transfer of a capital asset to a municipality or another municipal entity or to a national or provincial organ of state in circumstances and in respect of categories of assets approved by the National Treasury provided that such transfers are in accordance with a prescribed framework.

SECTION 110: APPLICATION OF THIS PART

Chapter 11 Part 1, which deals with supply chain management, applies to-

a) the procurement by a municipality of goods and services;

b) the disposal by a municipality of goods no longer needed;

c) the selection of contractors to provide assistance in the provision of municipal services otherwise than in the circumstances envisaged in Chapter 8 of the Municipal Systems Act; and

d) the selection of external mechanisms as referred in Section 80 of the Municipal Systems Act for the provision of municipal services in the circumstances contemplated in section 83 of that Act.

Except where specified, this part of the Act does not apply if a municipality contracts with another organ of state for:

a) the provision of goods and services to the municipality;

b) the provision of a municipal service or assistance in the provision of a municipal service; and

c) the procurement of goods and services under a contract secured by such other organ of state, provided that the relevant supplier has agreed to such procurement.

SECTION 111: SUPPLY CHAIN MANAGEMENT POLICY

Each municipality and municipal entity must have and implement a supply chain management policy which gives effect to the provisions of this part of the present Act.

SECTION 112: SUPPLY CHAIN MANAGEMENT POLICY TO COMPLY WITH PRESCRIBED FRAMEWORK

The supply chain management policy of a municipality must be fair, equitable, transparent, competitive and cost-effective and comply with a prescribed regulatory framework for municipal supply chain management, which must cover at least the following:

a) the range of supply chain management processes that municipalities and municipal entities may use, including tenders, quotations, auctions and other types or competitive bidding;

b) when a municipality may or must use a particular type of process;

c) procedures and mechanisms applicable to each type of process;

d) procedures and mechanisms for more flexible processes where the value of a contract is below a

prescribed amount;

e) open and transparent pre-qualification processes for tenders or other bids;

f) competitive bidding processes in which only pre-qualified persons may participate,

g) bid documentation, advertising of and invitation for contracts;

h) procedures and mechanisms for:

   i. the opening, registering and recording of bids in the presence of interested persons;

   ii. the evaluation of bids to ensure best value for money;

   iii. negotiating the final terms of contracts; and

   iv. the approval of bids;

i) screening processes and security clearances for prospective contractors on tenders or other bids above a prescribed value;

j) compulsory disclosure of any conflicts of interests prospective contractors may have in specific tenders, and the exclusion of such prospective contractors from those tenders or bids;

k) participation in the supply chain management system of persons who are not officials of the municipality;

l) the barring of persons from participating in tendering or other bidding processes, including persons:

   i. who were convicted for fraud or corruption during the past 5 years;

   ii. who wilfully neglected, reneged or failed to comply with a government contract during the past 5 years; or

   iii. whose tax matters are not cleared by the South African Revenue Service;

m) measures for:

   i. combating fraud, corruption, favouritism and unfair and irregular practices in municipal supply chain management; and

   ii. promoting the ethics of officials and other role players involved in municipal supply chain management;

n) the invalidation of recommendations or decisions that were unlawfully or improperly made, taken or influenced, including recommendations or decisions that were made, taken or in any way influenced by:

   i. councillors in contravention of item 5 or 6 of the code of conduct for councillors set out in Schedule 1 to the Municipal Systems Act; or

   ii. municipal officials in contravention of item 4 or 5 of the code of conduct for municipal staff members set out in Schedule 2 to that Act;

o) the procurement of goods and services by municipalities or municipal entities through contracts procured by other organs of state;

p) contract management and dispute settling procedures: and

q) the delegation of municipal supply chain management powers and duties, including to officials.

The regulatory framework for municipal supply chain management must be fair, equitable, transparent, competitive and cost-effective.

SECTION 113: UNSOLICITED BIDS

A municipality is not obliged to consider an unsolicited bid received outside its normal bidding process.

If a municipality does decide to consider an unsolicited bid it may do so only in accordance with the prescribed framework.

SECTION 114: APPROVAL OF TENDERS NOT RECOMMENDED

If a tender other than the one recommended in the normal course of implementing the supply chain management policy is approved, the accounting officer of the municipality must, in writing, notify the Auditor-General, the provincial treasury and the national treasury and, in the case of a municipal entity, also the parent municipality, of the reasons for deviating from such recommendation.

The above requirements do not apply if a different tender is approved purely to rectify an irregularity.

SECTION 115: IMPLEMENTATION OF SYSTEM.

The accounting officer of a municipality must implement the supply chain management policy and must take all reasonable steps to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.

No person may impede the accounting officer in fulfilling this responsibility.

SECTION 116: CONTRACTS AND CONTRACT MANAGEMENT

A contract or agreement procured through the supply chain management system must be in writing and must stipulate the terms and conditions of the contract or agreement, which must include provisions which allow for:

i. the termination of the contract or agreement in the case of non- or under- performance;

ii. dispute resolution mechanisms to settle disputes between the parties; and

iii. a periodic review of the contract or agreement once every 3 years in the case of a contract or agreement for longer than 3 years.

The accounting officer must:

a) take all reasonable steps to ensure that a contract or agreement procured through the supply chain management supply is properly enforced;

b) monitor on a monthly basis the performance of the contractor under the contract or agreement;

c) establish capacity in the administration to assist the accounting officer in carrying out the foregoing responsibilities. and in overseeing the day-to-day management of contracts and agreements; and

d) regularly report to the council or the board of directors, as the use may be, on the management of the contract or agreement and the performance of the contractor.

A contract or agreement procured through the supply chain management policy may be amended by the parties, but only after:

a) the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of the municipal entity, in the council of its parent municipality; and

b) the local community has been given reasonable notice of the intention to amend the contract or agreement, and has been invited to submit representations to the municipality.

SECTION 117: COUNCILLORS BARRED FROM SERVING ON MUNICIPAL TENDER COMMITTEES

No councillor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, nor attend any such meeting as an observer.

SECTION 118: INTERFERENCE

No person may interfere with the supply chain management system of the municipality, or amend or tamper with any tenders, quotations, contracts or bids after their submission.

SECTION 119: COMPETENCY LEVELS OF OFFICIALS INVOLVED IN MUNICIPAL SUPPLY CHAIN MANAGEMENT (EFFECTIVE 1 JULY 2006)

The accounting officer and all other officials of the municipality involved in the implementation of the supply chain management policy must meet the prescribed competency levels. The municipality must provide resources or opportunities for the relevant training of the officials referred to in order to ensure that the prescribed competency levels are met.

THE NATIONAL TREASURY

KNYSNA MUNICIPALITY

CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS AND OTHER ROLE PLAYERS

In accordance with regulation 46(4) and 46(5) of the Local Government Municipal Finance Management Act, 2003: Municipal Supply Chain Management Regulations, the supply chain management policy of a municipality or municipal entity is required take into account the National Treasury's code of conduct for supply chain management practitioners and other role players. Alternatively a municipality or municipal entity may adopt the National Treasury code of conduct. When adopted, such code of conduct becomes binding on all officials and other role players involved in the implementation of the supply chain management policy of the municipality or municipal entity.

The **purpose** of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

1 General Principles

1.1 The municipality commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role players should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.

1.2 Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.

1.3 Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.

2 Conflict of interest

2.1 An official or other role player involved with supply chain management –

(a) must treat all providers and potential providers equitably;

(b) may not use his or her position for private gain or to improperly benefit another person;

(c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;

(d) must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;

(e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the municipality;

(f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;

(g) must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;

(h) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and

(i) should not take improper advantage of their previous office after leaving their official position.

3 Accountability

3.1 Practitioners are accountable for their decisions and actions to the public.

3.2 Practitioners should use public property scrupulously.

3.3 Only accounting officers or their delegates have the authority to commit the municipality to any transaction for the procurement of goods and / or services.

3.4 All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.

3.5 Practitioners must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.

3.6 Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including

(i) any alleged fraud, corruption, favouritism or unfair conduct;

(ii) any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities or municipal entities, officials or other role players; and

(iii) any alleged breach of this code of conduct.

3.7 Any declarations made must be recorded in a register which the accounting officer must keep for this purpose. Any declarations made by the accounting officer must be made to the mayor who must ensure that such declaration is recorded in the register.

4 Openness

4.1 Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

5 Confidentiality

5.1 Any information that is the property of the municipality or its providers should be protected at all times. No information regarding any bid / contract / bidder / contractor may be revealed if such an action will infringe on the relevant bidder's / contractor's personal rights.

5.2 Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions also apply to officials and other role players involved in SCM after separation from service**.**

6 Bid Specification / Evaluation / Adjudication Committees

6.1 Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the municipality in an honest, fair, impartial, transparent, cost-effective and accountable manner.

6.2. Bid evaluation / adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.

6.3 All members of bid adjudication committees should be cleared by the accounting_officer at the level of "CONFIDENTIAL" and should be required to declare their financial interest annually.

6.4 No person should-

6.4.1 interfere with the supply chain management system of the municipality; or

6.4.2 amend or tamper with any price quotation / bid after its submission.

7 Combative Practices

7.1 Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:

(i) Suggestions to fictitious lower quotations;

(ii) Reference to non-existent competition;

(iii) Exploiting errors in price quotations / bids;

(iv) Soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters.

ANNEXURE C:

Targeting Strategy Option 1: Direct Preferences for Services (other than Professional)

A.1 Procurements and disposals: less than R30 000

This type of market has a dramatic impact on small and medium type of enterprises. Most of the emerging Black businesses need these opportunities to ensure sustainability. Regulations 3.1 and 5.1 states that the 80/20 preference formula may be applied by organs of state for procurement with a value of less than R30 000.

A.2 Procurements and disposals: between R30 000 and R500 000

Regulations 3.1 and 5.1 states that the 80/20 preference formula may be applied by organs of state for procurement with a value of equal to, or above R30 000 and up to a value of R500 000.

A.3 Procurements and disposals: greater than R500 000

Regulations 4.1 and 6.1 states that the 90/10 preference formula may be applied by organs of state for procurement with a value above R500 000.

A.4 Calculation of Preference Points

The following maximum points will be applicable where none has been specified:

Table A1: Preference Points for Services (excluding professional)

Contract Type	Financial Points	Preference Points (P_{max})					Total Points
	(*Pa*)	HDI Equity (*Pb*)	PDI Supervisory Staff (*Pc*)	JV (*Pd*)	LBE (*Pe*)	SBE (*Pf*)	(P_T)
Procurements & Disposals: Less than R30,000	80	8	2	1	4	5	100
Procurements & Disposals: R30,000 – R500,000	80	8	4	3	3	2	100
Procurements & Disposals: Greater than R500,000	90	4	3	2	1	nil	100

Points awarded for Price in the case of quotations and tenders:

$$Pa = 80\left(1 - \frac{Pt - P\min}{P\min}\right) \quad \textbf{or} \quad Pa = 90\left(1 - \frac{Pt - P\min}{P\min}\right)$$

where: *Pa* = points scored for price of tender under consideration

Pt = Rand value of tender considered

Pmin = Rand value of lowest acceptable tender

Points awarded for Price in the case of supplies, hiring and letting:

$$Pa = 80\left(1 + \frac{Pt - Ph}{Ph}\right) \quad \textbf{or}$$

$$Pa = 90\left(1 + \frac{Pt - Ph}{Ph}\right)$$

where: *Pa* = points scored for price of tender under consideration
Pt = Rand value of tender considered
Ph = Rand value of highest acceptable tender

Points awarded for HDI Equity (*Pb*):

Pb = 0.6 x P_{max} x (% PDI Equity)/100, plus
0.35 x P_{max} x (% Women Equity)/100, plus
0.05 x P_{max} x (% Disabled Persons Equity)/100

Points awarded for PDI Supervisory Staff (*Pc*):

Pc = P_{max} x (% PDI supervisory staff tendered in relation to the total supervisory staff)

Points awarded for Joint Ventures (*Pd*):

Pd = P_{max} for joint ventures
Pd = 0 for non joint ventures

Points awarded for Local Business Enterprise (*Pe*):

Pe = P_{max} for LBE based in the Knysna Municipal area
Pe = 0.5 x P_{max} for LBE based in the Eden District Council area
Pe = 0 for non-LBE

Points awarded for Small Business Enterprise (*Pf*):

Pf = P_{max} for SBE
Pf = 0 for non-SBE

Total Adjudication points (P_T)

The total number of tender adjudication points awarded will be the sum of the relevant factors of equity as stipulated in Table A1, rounded off to two (2) decimal places.

The Municipality will normally award to the tenderer obtaining the highest number of points, but will not bind itself do to so.

Tariff Policy

Draft Tariff Policy (28 March 2012)

INDEX

1. OBJECTIVE 3

2. DEFINITIONS 3

3. ABREVIATIONS 5

4. PURPOSE OF THIS POLICY 5

5. TARIFF PRINCIPLES 5

6. CATEGORIES OF CONSUMERS 8

7. SERVICE AND EXPENDITURE CLASSIFICATIONS 8

8. TARIFF TYPES 10

9. TARIFF STRUCTURES AND METHODS OF CALCULATIONS 11

10. CAPITAL CONTRIBUTIONS 19

11. NOTIFICATION OF TARIFFS, FEES AND SERVICE CHARGES 20

12. IMPLEMENTATION OF THE POLICY 20

13. ADJUSTMENT OF ACCOUNTS 20

14. SHORT TITLE 20

1. OBJECTIVE

The objectives of this policy are to ensure that-

- all consumers within a specific category are treated equally and reasonably;
- to optimally safeguard the income base of the municipality only by approving exemptions, reductions and rebates that are reasonable and affordable.
- to support the principles supporting the Councils Mission, Vision and IDP.
- municipal tariffs are be set in a manner that promotes the provision of reliable, sustainable and affordable services to all.

2. DEFINITIONS

In this tariff policy, unless the context otherwise indicates –

"availability tariff" means where properties are not connected to the municipal infrastructure but can reasonably be connected to the service;

"basic charge" also referred to as a minimum charge is the recovery of the distribution and billing-related costs, which include having a distribution system in place, plus the cost of the meter, servicing and reading the meter, mailing the bills and maintaining customer records.

"business" means the activity of buying, selling or trading in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with the exclusion of agriculture, farming or, inter alia, any other business consisting of cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms;

"commercial or industrial consumers" means industrial undertakings, factories, warehouses, workshop, scrap yards, wine cellars, abattoirs, dairy processing plants, fish markets and suchlike consumers;

"community service" means services in respect of which the tariffs are set at a level that the costs of the services are not recovered fully from public service charges and are of a regulatory nature;

"consumer" means the owner of a premises, regardless of whether it is domestic, commercial industrial or any other type who has entered into an agreement with the Municipality for the supply of a service. A consumer must only be the owner and not a tenant or lessee;

"the council" means Knysna Municipal Council, and "municipal council" shall have a corresponding meaning;

"domestic consumers" means residential properties, group housing, town houses, semi-detached houses and suchlike properties;

"due date" –

(a) in relation to accounts payable monthly on a recurring basis, the last day of the month which follows on the month during which an account is rendered;
(b) in relation to accounts payable annually, 31st July unless otherwise provided by any other law; and
(c) in all other instances, as and when demand for payment is made by the Municipality;

"economic services" means services in respect of which the tariffs are set at a level that the total costs of the services are recovered from customers;

"educational institutions" means schools and suchlike institutions;

"fixed costs" means costs which do not vary with consumption or volume produced

"indigent households" means households that are registered at the municipality as such and meet the municipality's criteria in terms of its credit control and debt collection policy and occupying a property within the jurisdiction of the municipality and "poor households" shall have a corresponding meaning;

"MFMA" means the Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003);

'minimum charge' shall refer to the minimum amount payable by the consumer in respect of a particular service irrespective of the extent to which the service is used during any given period of time.

"MSA" means the Local Government: Municipal Systems Act, 2000 (Act no 32 of 2000);

"owner" in relation to a property, means the person in whose name the property is registered in the Deeds Registry and such owner's successors;

"public benefit organisations" means public benefit organizations as defined in Section 30 of the Income Tax Act No 58 of 1962;

"resident " means a person who ordinarily resides in the municipal area;

"service charge" means the charged levied for the provision of a service on a daily, monthly or annual basis.

"special agreements" means special tariff agreements entered into with categories of consumers making significant economic contributions to the community and create job opportunities;

"sport and recreation facilities" means properties used exclusively for sport and recreation purposes including school sport fields which are metered separately for water and electricity consumption;

"**total cost"** means the sum of all fixed and variable costs associated with a service;

"trading services" means services referred to in paragraph 5(1)(a) and in respect of which the tariffs are set at a level that the Council makes a profit on the delivery of the services;

"units consumed" means the number of units consumed of a particular service and are measured in terms of the tariff structure reflected in paragraph 7;

"variable costs" means costs that vary with consumption or volume produced

"VAT" means Value-Added Tax in terms of the Value-Added Tax Act, 1991, as amended;

3. ABREVIATIONS

Kg – Kilogram
Kl – Kiloliter 1000 litres
kVa – KiloVolt Ampere
kWh – Kilowatt Hour
m^3 - Cubic meter

4. PURPOSE OF THIS POLICY

(1) The Knysna Municipality wishes to achieve the following objectives by adopting this tariff policy:

(a) To comply with the provisions of section 62 (1)(f) of the MFMA.
(b) To comply with the provisions of section 74 of the MSA.
(c) To prescribe procedures for calculating tariffs where the municipality wishes to appoint service providers in terms of section 76(b) of the MSA.
(d) To give guidance to the Executive Mayor regarding tariff proposals that must be submitted to the council annually during the budget process.

5. TARIFF PRINCIPLES

(1) In setting its annual tariffs the council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.

(2) The Municipality wishes to record that the following tariff principles will apply:

(a) Service tariffs imposed by the municipality shall be viewed as user charges and shall not be viewed as taxes, and therefore the financial ability of the relevant user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the relief measures for poor households and deserving categories of users approved by the municipality from time to time).

(b) The municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.

(3) Tariffs for the two major services rendered by the municipality, namely:

(a) electricity
(b) water

shall as far as possible recover the expenses associated with the rendering of each service concerned. The tariff, which a particular consumer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.

(4) The municipality shall, as far as circumstances reasonably permit, ensure that the tariffs levied in respect of the two major services generate an operating surplus each financial year of 10% or such percentage as the council may determine at the time that the annual operating budget is approved. Such surpluses shall be applied in relief of property rates and for the partial financing of general services or for the future capital expansion of the service concerned, or both. The modesty of such surplus shall prevent the service tariffs concerned from being viewed as concealed taxes.

(5) In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the municipality may differentiate between different categories of users and consumers in regard to the tariffs which it levies. Such differentiation shall, however, at all times be reasonable, and shall be fully disclosed in each annual budget.

(6) The municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidisation between categories of consumers or users shall be disclosed to users.

(7) The municipality shall ensure that its tariffs shall be readily understandable by all users affected by the tariff policy.

(8) The municipality undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.

(9) The consumption of such services shall be properly metered by the municipality, and meters shall be read, wherever circumstances reasonably permit, on a monthly basis. The charges levied on consumers shall be proportionate to the quantity of the service which they consume.

(10) The municipality shall levy monthly availability charges for the services concerned, and these charges shall be fixed for each type of property as determined in accordance with the detailed policies set out below. Generally, consumers of water and electricity shall therefore pay two charges: one, relatively minor, which is unrelated to the volume of consumption and is levied because of the availability of the service concerned; and another directly related to the consumption of the service in question.

(11) In considering the costing of its water, electricity and sewerage services, the municipality shall take due cognisance of the high capital cost of establishing and expanding such services, and of the resultant high fixed costs, as opposed to variable costs of operating these services. The municipality therefore undertakes to plan the management and expansion of the services carefully in order to ensure that both current and reasonably expected future demands are adequately catered for, and that demand levels which fluctuate significantly over shorter periods are also met. This may imply that the services may at times or for certain periods operate at less than full capacity, and the costs of such surplus capacity must also be covered in the tariffs which are annually levied.

(12) The Municipality shall, by adopting what is fundamentally a two-part tariff structure, namely a fixed minimum charge coupled with a charge based on consumption, endeavour to address the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery.

(13) Part of the municipality's tariff policy for electricity services will be to ensure that those consumers who are mainly responsible for peak demand, and therefore for the incurring by the municipality of the associated demand charges from Eskom, will have to bear the costs associated with these charges. Such consumers shall therefore pay the relevant demand charge as well as a service charge directly related to their actual consumption of electricity during the relevant metering period.

(14) A property used for multiple purposes must, for purposes of these tariffs be assigned to a category determined by the council for properties used for a purpose corresponding with the dominant use of the property if the Municipality cannot readily make an apportionment in relation to the services concerned and the categories of users.

(15) In order to provide the Municipality with appropriate security for payment of amounts owing to it from time to time for services rendered, the Council shall impose a system of deposits payable by customers. The deposits shall be set with due regard to the potential financial risk associated with the amounts owing from time to time. The level of the deposits shall be revised annually depending on the defaults instances.

6. CATEGORIES OF CONSUMERS

(1) Separate tariff structures may be imposed for the following categories of consumers (which the council may change) :

(a) domestic consumers;
(b) commercial consumers;
(c) industrial consumers;
(d) agricultural consumers;
(e) municipalities;
(f) consumers with whom special agreements were made;
(g) consumers in certain geographical areas;
(h) sport and recreation facilities
(i) educational institutions; and
(j) public benefit organisations and suchlike institutions.

(2) Where substantially different demands are made on the infrastructure to provide a service to a specific group of users within a category or the standard of services required by such users, the Council may, after having considered a report by the Municipal Manager or the relevant Director, determine differentiated tariffs for the different consumers within the specific category.

(3) The differentiation must be based on one or more of the following elements; infrastructure costs, volume usage, availability and service standards.

(4) If, for purposes of determining the tariff applicable to a particular user or category of users, the user or category of users has not specifically by definition been included under a defined category of users, the Chief Finance Officer shall, by applying the closest match principle, determine the category under which the user or category of users fits in best taking into account the nature of the service concerned and the user or category of users involved.

7. SERVICE AND EXPENDITURE CLASSIFICATIONS

Service classification

(i) The Chief Financial Officer may, subject to the guidelines provided by the National Treasury and the Executive Mayoral Committee of the council, make provision for the following classification of services.

(a) Trading services
Water.
Electricity.
(a) Economic services
Solid waste.
Waste water.
(a) **Community services**
(i) Air pollution.
(ii) Fire fighting services.

(iii) Local tourism.
(iv) Town planning.
(v) Municipal public works, only in respect of the needs of municipalities in the discharge of their responsibilities and to administer functions specially assigned to them under the Constitution or any other law.
(vi) Storm water management system in built-up areas.
(vii) Trading regulations.
(viii) Fixed billboards and the display of advertisements in public places.
(ix) Cemeteries.
(x) Control of public nuisances.
(xi) Control of undertakings that sell liquor to the public.
(xii) Facilities for accommodation, care and burial of animals.
(xiii) Fencing and fences.
(xiv) Licensing and control of undertakings that sell food to the public.
(xv) Local amenities.
(xvi) Local sport facilities.
(xvii) Municipal parks and recreation.
(xviii) Municipal roads.
(xix) Noise pollution.
(xx) Pounds.
(xxi) Public places.
(xxii) Street trading/street lighting.
(xxiii) Traffic and parking.
(xxiv) Building control.
(xxv) Licensing of motor vehicles and transport permits.
(xxvi) Nature reserves.

(b) Subsidised services

(i) Libraries and museums.
(ii) Proclaimed roads.
(iii) Street lights

Expenditure classification

(i) Expenditure will be classified in the following categories.

(b) Subjective classification:

(i) Salaries, wages and allowances;
(ii) Bulk purchases;
(iii) General expenditure;
(iv) Repairs and maintenance;
(v) Capital charges (interest and redemption)/depreciation;
(vi) Contribution to fixed assets;
(vii) Contribution to funds:
  (a) Bad debts;
  (b) Working capital; and
  (c) Statutory funds.
(viii) Contribution to reserves;
(ix) Gross expenditure;
(x) Less charge-out;
(xi) Net expenditure;

(xii) Income; and
(xiii) Surplus/Deficit.

(c) Objective classification:

(i) Cost centres will be created to which the costs associated with providing the service can be allocated:
(ii) Department.
(iii) Section/service.
(iv) Division/service.
(v) The subjective classification of expenditure each with a unique vote will be applied to all cost centres.

Cost elements

(a) The following cost elements will be used to calculate the tariffs of the different services:
(i) Fixed costs which consist of the capital costs (interest and redemption) on external loans as well as internal advances and or depreciation whichever are applicable to the service and any other costs of a permanent nature as determined by the Council from time to time.
(ii) Variable cost: This includes all other variable costs that have reference to the service.
(iii) Total cost: consist of the fixed cost and variable cost.

8. TARIFF TYPES

In determining, the type of tariff applicable to the type of service the municipality shall make use of the following options or a combination of the same.

Single tariff:

this tariff shall consist of a cost per unit consumed. All costs will be recovered through unit charges at the level where income and expenditure breaks even. Subject to a recommendation by the Chief Financial Officer the council may decide to approve profits on trading services during the budget meeting. Such profits will be added to the fixed and variable cost of the service for the purpose of calculating the tariffs.

Cost related two to three part tariff: electricity

this tariff shall consist of two to three parts. Management, capital, maintenance and operating costs will be recovered by grouping certain components together e.g. management, capital and maintenance costs may be grouped together and be recovered by a fixed charge, independent of consumption for all classes of consumers, while the variable costs may be recovered by a unit charge per unit consumed. Three part tariffs will be used to calculate the tariff for electricity and to provide for maximum demand and usage during limited demand.

Inclining block tariff: electricity

this tariff is based on consumption levels being categorised into blocks, the tariff being determined and increased as consumption levels increase. This tariff will only be used to subsidised free basic services and to prohibit the exorbitant use of a commodity. The first step in the tariffs will be calculated at break-even point. Subsequent steps will be calculated to yield profits and to discourage excessive use of the commodity.

Declining block tariff: electricity

this tariff is the opposite of the inclining block tariff and decreases as consumption levels increase. The first step will be calculated by dividing the fixed and variable cost and profit determined by council form time to time by the volume consumed. This tariff will only be used for special agreements.

Regulating tariff: electricity

this tariff is only of a regulatory nature and the municipality may recover the full or a portion of the cost associated with rendering the service.

Time-of-use tariff: electricity

this tariff is based on fixed charges and seasonally and time differentiated energy and demand charges.

9. TARIFF STRUCTURES AND METHODS OF CALCULATIONS

Calculation of Tariffs for Major Services

In order to determine the tariffs, to be charged for the supply of water and electricity, the municipality shall endeavour to include the operational costs of the undertakings concerned.

To determine the **basic or minimum charge** the following categories within the operating budget will be included as a basis for calculation.

Capital costs (interest on loans)
Maintenance of infrastructure and other fixed assets
Salary costs
Depreciation expenses.

To determine the **unit charge** the following categories within the operating budget will be used as a basis for calculation

Cost of bulk purchases in the case of electricity.
Distribution costs. (General Expenses)

Distribution losses.
Administration and service costs, including:

(i) service charges levied by other departments such as finance, human resources and legal services;
(ii) reasonable general overheads, such as the costs associated with the office of the municipal manager;
(iii) adequate contributions to the provisions for bad debts and obsolescence of stock;
(iv) all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal area (note: the costs of the democratic process in the municipality – that is, all expenses associated with the political structures of the municipality – shall form part of the expenses to be financed from property rates and general revenues, and shall not be included in the costing of the major services of the municipality).

The intended surplus to be generated for the financial year, such surplus to be applied:

(i) as an appropriation to capital reserves; and/or
(ii) generally in relief of rates and general services.
(iii) The cost of approved indigency relief measures.

The municipality shall provide the first 50kWh of electricity per month to prepaid consumers on a 20 Amp circuit breaker to consumers who have registered as indigents in terms of the municipality's indigency relief programme. The municipality shall further consider relief in respect of the tariffs for sewerage, water and refuse removal for such registered indigents to the extent that the council deems such relief affordable in terms of each annual budget.

(v) Tariffs for pre-paid meters shall be less than the ordinary consumption tariffs levied on the category of consumer concerned, but no minimum charge shall be levied on properties where pre-paid meters have been installed.

(vi) Multiple step tariffs are utilised to enable the consumer to exercise control over the cost to themselves

The following tariff structure will, where possible, be used to determine tariffs:

Water

(a) Fixed costs plus rising block tariffs will apply to all consumers excluding:

(i) Industrial and commercial consumers.
(ii) Domestic consumers.
(iii) Schools.
(iv) Sports Bodies.

(v) Old Age Homes.
(vi) Municipal Buildings.
(vii) Farms.

The following blocks will apply:

Normal Domestic Steps
0 – 6 Kl
7 – 10 Kl
11 – 20 Kl
21 – 30 Kl
31 – 40 Kl
Greater than 40 Kl

(b) Method of calculation
(i) Domestic consumers using less than the applicable minimum per month will receive the appropriate 6 Kl free water.
(ii) The fixed costs of the service shall consist of the costs indicated as such by the council.
(iii) The number of users and estimated volume consumed per category will be used to determine the fixed tariff per category.
(iv) Where properties are not connected to the water service but can reasonably be connected to the service an **availability tariff** will be payable. The tariff will be calculated by adding a surcharge of 75% to the fixed costs applicable to connected consumers per category.
(v) Where council decide to make a profit on the service the profit will be added to the fixed and variable cost before tariffs are calculated.

Electricity

(a) Tariff structure
(i) Maximum demand (kVA) plus fixed tariff plus kWh consumed.
(ii) Fixed tariff plus kWh consumed.
(iii) Unit tariff (KWh consumed) (Pre-payment meters).

(b) Method of calculation
(i) Guidelines issued by the National Electricity Regulator from time to time will form the basis of calculating tariffs.

(ii) To recover the capital cost of supplying electricity through a fixed charge will make electricity unaffordable to many low consumption users. Cross subsidisation between and within categories of consumers will be allowed based on the load factors of the categories and consumers within the category. Portions of the fixed costs will be recovered through an energy or time-of-use charge. To apply the abovementioned principle

the cost allocation basis, cost groupings, tariff components and tariff types reflected in the following tables will be used.

Cost groupings	Underlying cost-allocation bases		
	Capacity costs: expressed as Rands/kVa /month	Variable costs: expressed as Cents/kWh	Customer specific costs: expressed as rands /customer/month
Purchase cost	√	√	
Capital costs	√	√	√
Support costs	√		√

	Tariff components			
Tariff types	Fixed charge (rands/customer/ month)	Energy charge (cents/kWh)	Time-of-use energy charge expressed as (cents/kWh)	Capacity charge expressed as (rands/kVa/ month)
One-part single energy rate tariff (Lifeline tariff)		√		
Two-part tariff	√	√		
Two-part time-of-use tariff	√		√	
Three-part tariff	√	√		√
Three-part time-of-use	√		√	√

(iii) The one-part single energy rate tariff:

1. For the one-part single energy rate tariff, all costs are expressed in a single cents/kWh charge. The recommended methodology for allocating costs into this tariff is as follows:
2. The rands/kVa/month cost must be allocated into a cents/kWh charge through consideration of the average load factor of the types of customer who are likely to use the one-part single energy rate tariff.
3. The rands/customer/month fixed cost should also be allocated into the cents/kWh charge and allocated to the kWh purchase costs in such a way as to ensure that at a level of monthly consumption of 400 kWh, the full amount of the fixed costs would have been recovered through the cents/kWh charge.

(iv) The two-part tariff:

1. The rands/kVa/month charge must be allocated into a cents/kWh charge through consideration of the average load factor of the types of customer who are likely to choose the two-part tariff. This reallocated charge must them be added to the kWh purchase charge.
2. The rands/customer/month charge is not reallocated into other tariff elements.
3. The tariff then consists of a fixed monthly charge plus a variable charge related to metered kWh consumption.

(v) The two-part time-of-use tariff:

1. The rands/kVa/month charge must be reallocated into different time-of-use cents/kWh charges through consideration of the load curve of the customer in relation to the load curve of the supplier. Such reallocated charges must then be added to the kWh purchase charges, as appropriate.
2. The rands/customer/month charge is not reallocated.

(vi) The three-part tariff:

1. The rands/kVa charge recovers the capital cost elements. Some of this cost must be reallocated into different tariff elements.
2. The cents/kWh charge therefore recovers the full variable costs as well as a portion of the reallocated rands/kVa costs.
3. The rands/customer/month charge is not reallocated.

(vi) The three-part time-of-use tariff:

1. As with the standard three-part tariff, a portion of the rands/kVa/month charge is reallocated into the various time-of-use cents/kWh charges. The amount of the reallocation takes place with regard to the customer's load factor. The time-variation of the capacity costs is taken into account in the reallocation of the rands/kVa charge into the various time-of-use cents/kWh charges.
2. The cents/kWh charge therefore recovers the full variable costs as well as a portion of the reallocated rands/kVa charges.
3. The rands/customer/month charge is not reallocated.

Where council decides to make a profit on the service the profit will be added to the fixed and variable cost before tariffs are calculated.

Where properties are not connected to the electricity service but can reasonably be connected to the service an availability tariff will be payable. The Town Electrical Engineer will annually determine the tariff.

Solid Waste (Refuse removal)

(a) Tariff structure

(i) 50% charged by means of a rate in the rand and the remaining 50% by means of a basic charge
(ii) Plastic bags per week (volume 85 litre per bag)
(iii) Containers per week / Wheelie Bin (volume 240 litre)
(iv) Bulk Container (volume 1100 litre)
(v) Bulk Container (volume 770 litre)
(vi) Tonnage charge

(a) Method of calculation

(i) The costs per unit of measurement will be determined by dividing the total costs of the service by the total volume of refuse disposed of during the year. The total cost of the service includes the removal cost plus the operating cost associated with the service.
(ii) The cost associated with the removal of bulk containers will be determined by calculating how many of the smallest removal units will be absorbed by a specific container.
(iii) A monthly rental for the usage of a bulk container will be determined by discounting the purchase price of a bulk container over 5 years at an interest rate applicable to municipal loans. An additional 15% will be charged as an administration charge
(iv) After council has consulted with owners or occupiers of commercial and industrial undertakings which do not make use of the standard black bags or mass containers, tariffs will be determined based on the estimated volume that will be removed per month.
(v) Costs for once-off removals will be calculated per truckload.
(vi) Private dumping at the disposal site will be allowed after a tariff based on the estimated volume of the dumping has been paid.
(vii) A refuse removal tariff will be raised and is payable by all owners or occupiers of each developed property connected to the water and electricity distribution network of the council or any other service provider or those who have applied to be connected whether such owner or occupier uses the refuse removal service or not or those who are not connected to the distribution networks to whom a refuse removal service is rendered on request.
(viii) No refuse removal tariffs will be raised in areas where council has not introduced a refuse removal service.

(b) Reallocation of consumers due to excessive consumption.

(i) Where a consumer is found exceeding the allowed tariff applicable to their allowed category for a period exceeding three months.

1. They will be moved to the appropriate corresponding tariff from the beginning of the current financial year.
2. They may approach Council for reinstatement to the original tariff after a period of 12 months

Waste Water (Sewerage/emptying of conservancy tanks)

(a) Tariff structure
   (i) 50% Charged by means of rate in the rand and the remaining 50% charged by means of a basic charge.
   (ii) Number of properties connected to the sewerage reticulation network.
   (iii) Volume of tanker vehicle.
   (iv) Formula driven waterborne tariff included in water tariff.

(b) Method of calculation
   (i) A fixed basic charge will be payable for each property connected to the sewerage reticulation network.
      1. Domestic
      2. Business

   (ii) Where properties are not connected to the sewerage network but can reasonably be connected to the service an **availability tariff** will be payable. The tariff will be calculated by adding a surcharge to the fixed costs applicable to connected consumers per category.

   (iii) An effluent charge will be charged to promote more efficient use of council's sewerage infrastructure.

   (iv) The cost of emptying conservancy tanks will be based on the volume disposed, including an additional charge per kilometre for areas in excess of 10 kilometres from the Treatment Works.

   (v) For the operation of the septic tank effluent drainage system [STED] in Smutsville and Sizamile an annual sewerage charge shall be levied for the effluent discharged into the Council's sewer system.

   (vi) In respect of the vacuum tanker removals from the STED system no charge shall be levied by Council for such service.

Calculation of minor tariffs

(i) All minor tariffs (being tariffs in respect of services and facilities other than the major services referred to in paragraph 3(4)) shall be approved by the council in each annual budget, and shall, when deemed appropriate by the council, be subsidised by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost

cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

(ii) All minor tariffs over which the municipality has full control, and which are not directly related to the cost of a particular service, shall annually be adjusted at least in line with the prevailing consumer price index, unless there are compelling reasons why such adjustment should not be effected.

(iii) The following services shall be considered as subsidised services, and the tariffs levied shall cover 50% or as near as possible to 50% of the annual operating expenses budgeted for the service concerned:

(iv) burials and cemeteries
(v) rentals for the use of municipal sports facilities

(vi) The following services shall be considered as community services, and no tariffs shall be levied for their use:

(a) municipal museum and art gallery
(b) disposal of garden refuse at the municipal tip site
(c) municipal reference library
(d) municipal lending library (except for fines set out below)

(vii) The following services shall be considered as economic services, and the tariffs levied shall cover 100% or as near as possible to 100% of the budgeted annual operating expenses of the service concerned:

(a) maintenance of graves and garden of remembrance (cremations)
(b) housing rentals
(c) rentals for the use of municipal halls and other premises (subject to the proviso set out below)
(d) building plan fees
(e) sales of plastic refuse bags
(f) sales of refuse bins
(g) cleaning of stands
(h) electricity, water, sewerage: new connection fees
(i) photostat copies and fees
(j) clearance certificates for purposes of property transfers
(k) town planning fees.

(viii) The following charges and tariffs shall be considered as regulatory or punitive, and shall be determined at a reasonable level (with due regard to direct and indirect costs involved, need for discouraging undesirable practices and advantages enjoyed by user) in each annual budget:

(a) fines for lost or overdue library books
(b) advertising sign fees
(c) pound fees

(d) electricity, water: disconnection and reconnection fees
(e) penalty and other charges imposed in terms of the approved policy on credit control and debt collection
(f) penalty charges for the submission of dishonoured, stale, post-dated or otherwise unacceptable cheques.

(ix) Market-related rentals shall be levied for the lease of municipal properties – defined as investment assets.

(x) In the case of rentals for the use of municipal halls and premises, if the municipal manager is satisfied that the halls or premises are required for non-profit making purposes and for the provision of a service to the community, the municipal manager may allow a discount of 50% on the rental that would otherwise have applied.

(xi) The municipal manager shall determine whether an indemnity or guarantee must in each instance be lodged for the rental of municipal halls, premises and sports fields, and in so determining shall be guided by the likelihood of the municipality sustaining damages as a result of the use of the facilities concerned.

(xii) Tariff structure:

(a) The unit of measurement as reflected in the separate list of tariffs approved annually will be used to determine regulatory community and subsidised services.

(xiii) Overdue Amounts

(a) The Municipality shall be entitled to levy an administration fee on a month to month basis on all overdue accounts subject to such maximum amount per month as the Council may determine.

(b) The Municipality may at its discretion enter into a repayment schedule with a consumer in respect of overdue amounts, which repayment schedule will be incorporated into an acknowledgment of debt in favour of the Municipality and signed by the consumer. Upon signature of such an acknowledgment of debt, the consumer will become liable for payment of an administration fee in such amount as the Council may determine for attending on the debtor and entering into the acknowledgment of debt with the consumer.

10. CAPITAL CONTRIBUTIONS

(1) For purposes of these tariffs the under mentioned words and expressions shall have the following meanings assigned to them unless the context otherwise requires :

(b) "capital contributions", the tariffs payable in respect of the water, electricity, sewerage, stormwater, roads and refuse removal infrastructure of the municipality and which amounts exclude amounts payable towards the operational and maintenance costs of such infrastructure;

11. NOTIFICATION OF TARIFFS, FEES AND SERVICE CHARGES

(1) The tariffs will be approved as part of the annual budget.

(2) The tariffs will come into effect as and when determined by the Council.

12. IMPLEMENTATION OF THE POLICY

(1) The principles contained in this policy will be reflected in the various budget proposals submitted to council on an annual basis, service by-laws as promulgated and adjusted by Council from time to time and the tariff by-laws referred to in section 75 of the Systems Act.

(2) The council may determine conditions applicable to community service of a regulatory nature. These conditions will be reflected in the standing orders of council.

13. ADJUSTMENT OF ACCOUNTS

(1) Where incorrect debits were raised, the accounts under query will be rectified as necessary.

14. SHORT TITLE

(1) This policy is called the Knysna Municipality Tariff Policy.